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A REPORT

TO THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

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LETTER OF TRANSMITTAL

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: At your request, the Committee staff has completed the attached study on the state of the NATO Alliance. The study reviews and analyzes various issues of contention within NATO today based on extensive research conducted in Europe and Washington during February 1982. The study contains historical analysis by Robert Schulzinger, an historian working with the Committee, and a section on Eurocommunism by John Ritch of the Minority Staff. We were also assisted by Stanley Sloan and Richard Grimmett of the Congressional Research Service. We hope that this study will be useful to the Senate this year as it considers issues related to NATO.

Hans Binnendijk (*Coordinator*)
Patrick Balestrieri
Robert Bell
Robert Russell
Diana Smith

S. Res. 402

In the Senate of the United States,

June 9 (legislative day, June 8), 1982.

Resolved, That the committee print of the Committee on Foreign Relations, entitled "NATO Today: Alliance in Evolution", Ninety-seventh Congress, second session, April 1982, be printed as a Senate document, and that there be printed two thousand additional copies of such document for the use of that committee.

Attest:

William F. Hildenbrand

Secretary.

By Marilyn Courtot

Assistant Secretary

PREFACE

Last winter, U.S. commentators across the political spectrum suggested that in light of the European response to martial law in Poland, it was time to question some of the fundamental assumptions concerning U.S. participation in NATO. As a result, I asked the staff of the Foreign Relations Committee to conduct a study which reviews all major problems facing NATO today.

The staff study concludes that "there is greater strength and commonality of purpose in NATO today than most political commentators believe." That study also warns, however, that there are multiple strains facing the Alliance that require partners on both sides of the Atlantic "to manage current problems with extra caution and sensitivity."

Major findings of this study are as follows:

—There have been a number of controversies in NATO's 33-year history which have presented more serious cause for alarm than any single disagreement dividing the allies today. The current situation is unique, however, because the Alliance now faces multiple strains which tend to reinforce one another.

—European sanctions in reaction to martial law in Poland have generally paralleled U.S. sanctions in scope and severity. An exception is the Trans Siberian gas pipeline which the United States can only delay and at great cost to both Alliance cohesion and U.S. supplier credibility.

—The extent of U.S.-European military cooperation in Southwest Asia is significantly greater than is commonly realized. U.S. defense efforts in Southwest Asia may cause further problems within NATO, however, if Europeans resist measures to compensate for the possible diversion of U.S. forces from NATO missions.

—Economic problems confronting NATO members are exacerbating other problems in the Alliance, and economic recovery on both sides of the Atlantic is essential to allay tensions and relieve pressure on NATO defense budgets.

—Despite economic problems, non-U.S. members of the Alliance have, as a group, increased real defense spending by about 2.6 percent in 1981, thus coming closer than ever before to the 3 percent goal set by NATO in 1978.

—Although NATO has pressed forward with an impressive array of force modernization programs in recent years, the Alliance has been largely outpaced by the continuing momentum of the Soviet military buildup.

—Several amendments adopted during consideration of the fiscal year 1982 Defense Appropriation Bill, and especially the speciality metals amendment, will be extremely harmful to NATO

weapons standardization and could significantly reduce U.S. arms sales to Europe unless they are repealed.

—In light of European burden sharing efforts, the continued Soviet buildup, and current mutual strains within NATO, any significant withdrawal of U.S. forces from Europe would be seen in Europe as punitive. It would provoke an angry, confused, and divisive European reaction that would severely harm NATO cohesion.

—During most of 1981, the U.S. Government was not adequately sensitive to the impact on European opinion of its public discussions of limited nuclear war and its confrontational rhetoric aimed at the Soviet Union. This has added to grassroots anxiety in Europe about nuclear weapons, but that anxiety should not be misinterpreted as mass support for neutralism, anti-Americanism or unilateral disarmament. President Reagan's November 18 "zero option" speech was welcomed by all NATO governments and temporarily retarded the anti-nuclear movement. However, massive demonstrations are expected during President Reagan's June visit to Bonn.

—Implementation of the NATO December 1979 dual track decision on intermediate nuclear force (INF) modernization remains a crucial test of NATO's political will. The Netherlands, and to a lesser degree Belgium, could default on this decision, but West Germany, Italy, and Great Britain should be able to implement the decision as long as INF negotiations continue in Geneva. In West Germany, however, the issue could cause a split between Chancellor Schmidt and the majority of his Social Democratic Party.

—The United States and the Soviet Union remain far apart in their INF negotiating positions. Most observers agree that the Soviet Union is not likely to show flexibility in its negotiating position until it is evident that the new NATO INF systems will be deployed. In addition, officials in key arms control positions in Europe believe the Soviet Union will negotiate more seriously in the INF talks once the START talks are underway.

—Eurocommunism is a fading phenomenon in Europe, with the exception of Italy, where the Communist Party may some day play an important role in a coalition government. The Italian Communist Party has recently gone to great lengths to separate itself from the policies of the Soviet Union.

This study makes a convincing case that NATO is not now in crisis, but that it could easily be pushed into crisis if issues are not managed carefully. It is, therefore, a particularly bad time for Congress to consider any proposal to remove U.S. troops from Europe, and I would vigorously oppose such an amendment.

I want to express my appreciation to the staff of the Committee for the fine effort that produced this study. I should note, however, that this staff study has not been voted on by the Committee and does not necessarily represent the views of the Members of the Foreign Relations Committee.

CHARLES H. PERCY,
Chairman, Committee on Foreign Relations.

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SUMMARY AND CONCLUSIONS

Overview in the Historical Context

1. There is greater strength and commonality of purpose in NATO today than most political commentators believe. NATO has survived for 33 years despite many policy differences because partners have been bound by common values and a common desire to unite in defense against a possible military attack by the Warsaw Pact forces. A large majority of West Europeans and all NATO governments still share this common desire. Recognizing the political and economic limitations facing West European governments, they have made some progress in three areas considered particularly important to American observers: NATO burden sharing, sanctions against the Soviets, and out of area problems.

2. NATO is not in a new and deep crisis that will inevitably lead to the Alliance's demise. Rather, NATO has faced almost continuous controversy since its birth. At least four of the previous NATO controversies have presented more serious cause for alarm than any single disagreement dividing the Allies today. The four include previous arguments over the European Defense Community (1950–54), American anger over the Suez invasion of 1956, the French withdrawal from NATO's military wing in 1966, and European concern over U.S. involvement in Vietnam from 1965 to 1973. In addition, the Alliance has been torn by debates over the Multilateral Force, the Skybolt incident, and Greek-Turkish conflicts over Cyprus.

3. The current situation in NATO is unique because the Alliance now faces multiple strains which tend to reinforce one another. This study reviews the different attitudes that the allies have towards Soviet behavior, out of area problems, international economic difficulties, and defense doctrine and responsibilities. In addition, NATO faces internal tensions created by the anti-nuclear movement, continued Greek-Turkish disputes, and the specter of Eurocommunism. Many of these controversies are magnified because Europe's growing self-confidence makes it easier for countries to express more openly doubts they have often felt about American policies. But NATO controversies in general resemble the controversies which enliven democratic societies but do not undermine their legitimacy.

4. The multiple nature of the strains facing NATO today has, however, created an atmosphere in which problems in one area can spill over into other areas. As a result, NATO's basic cohesion can now be threatened if policy makers mismanage certain critical issues including sanctions against the Soviet Union, U.S. troop reductions under a revised Mansfield amendment, and implementation of NATO's dual

track decision on intermediate range nuclear weapons. Thus, special care must be taken by partners on both sides of the Atlantic to manage current problems with extra caution and sensitivity.

The Alliance and Eastern Policy

5. Since 1967, NATO has officially set twin tasks of defense and the search for a more stable relationship with the East. Détente has been in disrepute in the United States for some time, but continental Europeans have seen more tangible political, humanitarian and trade benefits, and do not want to entirely abandon cooperative relationships with the Soviet Union and Eastern Europe.

6. The Polish crisis poses the old question: to what degree is it possible to modify Soviet behavior in Eastern Europe, and what are the most effective means? The Polish crisis is also the first time NATO has tried itself to deal with Soviet repression in Eastern Europe. Earlier crises were dealt with by the Three Allied Powers or in the U.N. Thus, it is not surprising that it has been difficult to develop a consensus on sanctions.

7. In general, European sanctions in reaction to martial law in Poland have paralleled U.S. sanctions in scope and severity. One exception—U.S. restrictions on export of oil and gas equipment—involves a fundamental trade asymmetry in which Europe exports primarily heavy industrial goods to the East while the United States exports primarily agricultural goods. Europeans resent U.S. willingness to sacrifice their pipeline but not our grain. Most Europeans and many Americans believe that the United States cannot now stop the Siberian pipeline, only delay it a year or so. The policy issue thus becomes: is the delay worth a major Alliance confrontation and further erosion of U.S. exporters' reliability?

8. The Reagan Administration's East-West economic policy remains in the formative stages, with some advisors advocating economic warfare while others advocate more limited trade restrictions. The Administration does appear to be shifting focus from the gas pipeline to the broader and longer term area of credit terms for trade with the East. There appears to be some support for this approach in Western Europe, but time and effort will be needed to develop even a modest consensus.

9. Among NATO members, the Federal Republic of Germany feels Alliance tension over Eastern policy most acutely. German concerns go beyond trade to the deeply felt need to build closer and more normal relations with East Germany. West Germans resent being pushed to choose between the Alliance and Ostpolitik. Internally, the FRG's economic, generational and political strains make it more difficult for West Germans to deal with tension in their Alliance relationship.

Out of Area Issues

10. NATO's formal mandate does not encompass defending the vital interests of its various members outside of the treaty area. Historically the United States has resisted bringing the colonial and post-colonial commitments of Europe under the NATO umbrella. This long-held view has been modified in recent years by the United States as a result

of the extraordinary impact of increased Western dependence on Persian Gulf oil, the revolution in Iran, and the Soviet invasion of Afghanistan. Despite their economic dependence, Europeans were less emotionally affected by these events and resist extending the NATO security area to include the Persian Gulf. Most United States policy makers now also agree that formally extending NATO's area of commitment is unrealistic.

11. The United States is currently constructing the third security framework for the Persian Gulf in two decades. Under this new framework, security of the region would for the first time in postwar history rely in large measure on United States combat units. The possible diversion of U.S. forces from NATO-designated responsibilities to the Persian Gulf has created new requirements for the European members of NATO. These new requirements include both efforts to support the United States within the Southwest Asian region and also efforts within Europe to compensate for the possible diversion of U.S. forces.

12. West Europeans have responded to this new challenge with the German concept of "division of labor," which places emphasis on European compensation within NATO for U.S. activities out of area and providing more assistance to key countries in or near the region, such as Turkey and Pakistan. Progress has been made in implementation of the division of labor, but there is still general resistance in Europe to embracing a commitment for significant compensation measures until NATO has a clearer picture of U.S. Rapid Deployment Force contingency plans and until Europe undergoes an economic recovery. There have been increases in European aid to Turkey and Pakistan, but not commensurate with corresponding U.S. activity in the region.

13. The extent of U.S.-European cooperation in Southwest Asia is significantly greater than is commonly realized. Both the French and British have combat vessels in the Indian Ocean. Both the French and British also have military advisors in key countries in the region as well as small but newly reinforced rapid reaction forces that could support the U.S. Rapid Deployment Force in regional conflicts.

14. In areas outside of the Persian Gulf, the record of U.S.-European accord on security issues is mixed. The European Community's Venice Declaration of 1979 on the Arab-Israeli dispute is seen by the Europeans as parallel with the Camp David process while many Americans see it as contradictory. However, recent contributions to the Sinai multilateral observer force by France, Britain, Italy, the Netherlands and Norway are crucial to United States efforts to implement the Camp David Accords. U.S.-European cooperation in Africa has generally been strong as is witnessed by the successful Lancaster House negotiations on Zimbabwe and work of the Allied Contact Group on Namibian independence. There is, however, a rising chorus of criticism in Europe over United States priorities and tactics in Central America. United States efforts to work through Mexico to begin indirect negotiations with Nicaragua and Cuba may help reduce European concerns.

Economic Tensions Among Trading Partners

15. The economic problems confronting NATO members are exacerbating other problems in the Alliance. Divergent macro-economic

policies are the primary source of current tension between the allies. High U.S. interest rates are blamed by Europeans for attracting short-term capital funds to the United States, driving up the dollar's exchange value relative to European currencies and pulling up interest rates in Europe. European governments, especially the Federal Republic of Germany, point out that the more expensive U.S. dollar increases the cost of buying U.S. military equipment as well as importing oil, while higher interest rates increase government budget deficits in Europe, which makes it all the harder to meet defense spending commitments.

16. Economic recovery on both sides of the Atlantic is both essential and urgent in order to allay tensions and relieve pressure on defense budgets throughout NATO. What many Europeans suggest at this juncture is strikingly similar to what many American economists and Congressional leaders suggest: reduce the projected U.S. federal budget deficit, especially for the "out years" (fiscal year 1984 and beyond), and allow a slightly higher rate of monetary growth. Some Europeans even say that the long-term security of NATO countries can be enhanced more by the economic benefits of a less rapid acceleration of U.S. defense spending than by the short-term military enhancement the additional budget dollars would purchase.

17. The European members of NATO face a formidable economic challenge for the remainder of this decade. In order to reduce their present high unemployment they must either grow much faster than recent experience and economic forecasts indicate is likely, or achieve substantial structural adjustments in their economies. Many Europeans, therefore, have grave concerns about economic and political stability over the next 5 to 10 years. They see their economic dilemma as profoundly different from that facing the United States. They fear that a slow growth, low inflation program which might prove quite tolerable in the United States would worsen NATO Europe's unemployment problem. They also fear that U.S. trade policies could make European structural adjustment less likely. They cite steel and agricultural trade as prime examples.

18. The Europeans are especially dismayed that the United States is aggressively raising trade disputes related to the dumping of steel and agricultural products despite having a $13.5 billion merchandise trade surplus with the European Community in 1981. They suggest that it is in the interest of the United States as well as Europe to downplay the trade issues until a strong economic recovery is underway on both sides of the Atlantic.

Military Doctrine, Force Posture, and U.S. Troop Reductions

19. Since 1967, NATO's military doctrine and force posture have been firmly anchored to the twin pillars of flexible response and forward defense. Flexible response calls for a "seamless web" of military capabilities across the entire spectrum of possible conflict while forward defense recognizes the West German geo-political imperative of halting a Soviet attack near the border. While both concepts have come under criticism in the past, many military analysts today are increasingly questioning whether the web of NATO military capabilities is indeed seamless and whether the emphasis on a firepower-intensive

linear defense continues to make sense in light of the current conventional military balance in Europe. Military critics are also concerned that with the advent of the highly accurate and mobile Soviet SS–20 and enhanced Soviet air defense, the theater nuclear force balance is shifting against NATO just when the strategic nuclear balance reaches parity. Despite these criticisms, however, officials of NATO governments show no signs of wavering from flexible response or forward defense.

20. Rather than changing its basic doctrine, NATO has responded to its critics by promoting an across-the-board revitalization and modernization of its military capabilities. During the past 5 years, NATO and the United States have:

(a) established the goal of 3 percent real growth in Alliance defense spending;

(b) adopted a Long-Term Defense Program which recommends implementation of 123 force improvement measures;

(c) designed a Master Restationing Plan to correct maldeployment of U.S. forces in West Germany; and

(d) agreed in December 1979 to a "dual track" decision to deploy intermediate range nuclear (INF) weapons in Europe unless arms control negotiations produce agreed reductions.

21. The costs associated with NATO's force improvement programs have sharpened debate within the Alliance on the question of burden sharing, an issue which, from the American perspective at least, has been made more pressing by the new U.S. defense commitments in the Persian Gulf region. To a large degree, the burden sharing debate has been institutionalized by the 3 percent real growth goal. The Alliance as a whole surpassed this goal in 1980 and 1981. Seven to nine NATO countries—including the United States—met this objective in 1981 while the non-U.S. average was about a 2.6 percent increase. Taking into account current economic problems and budget pressures in Europe, there is little doubt that Allied defense ministers have lobbied their cabinets fairly effectively to produce significant increases. There is, however, doubt that they will be as successful in 1982.

22. Another test of the ability of the NATO alliance to implement modernization programs needed to preserve the credibility and integrity of its doctrine of flexible response is the 1979 NATO Dual Track decision. This decision to deploy intermediate range nuclear missiles in Europe has been challenged by opposition parties and the nuclear disarmament movement. This dissension has created strong doubts as to whether the Netherlands and, to a lesser degree, Belgium, will be able to follow through on NATO's nuclear deployment policy. There is a risk that Britain might default in the unlikely case that the Labour Party is able to form a viable minority government. It is most likely that both West Germany and Italy will be faithful to the December 1979 NATO decision. A major test is developing within Chancellor Schmidt's Social Democratic Party which could be brought to a head during the April 1982 party conference. Should the SPD support a moratorium on INF deployment and thus reject Schmidt's position, either Schmidt would govern without SPD support on this issue or a center-right coalition would be formed.

23. Despite the impressive array of NATO force modernization initiatives, the Alliance has been largely outpaced by the continuing

momentum of the Soviet military buildup. The Soviet buildup, however, has not led to the general assessment that NATO would suffer defeat in war. Rather, most analysts believe that many factors such as NATO's defensive role, Warsaw Pact coalition reliability, and the threat of Allied escalation contribute to a continued deterrence of any Soviet attack on Western Europe.

24. The United States and the Soviet Union remain far apart in their INF negotiating positions. Most officials agree that the Soviet Union is not likely to show flexibility in its negotiating position until it is evident that the new NATO INF systems will be deployed. In addition, officials in key arms control positions in Europe believe the Soviet Union will negotiate more seriously in the INF talks once the START talks are underway.

25. Within the last year, three alternatives to NATO's traditional doctrine and force posture have begun to emerge. The first is a Dutch proposal that NATO shed some of its nuclear roles in exchange for a significantly augmented conventional defense. Although the Dutch government is earnest about its proposal, it is not likely that it will attract wide support within NATO.

26. The second proposal, recently advanced by the Reagan Administration, would place a far greater premium on the global flexibility of U.S. forces and hold open the option of responding to aggression in one region (such as the Central Front in Europe) by retaliating in other regions. The key to this strategy, known as "horizontal escalation," rests in the reassertion of U.S. maritime superiority. Although the Administration staunchly denies that its new, more global and offensive-oriented strategy reflects a moving away from NATO, many critics are not so sure. These critics charge that there is simply not enough money in the defense budget to build a 600-ship navy and maintain our current force presence in Europe.

27. A third and related proposal under consideration by both liberals and conservatives in Congress is a revival of the Mansfield amendment. It is proposed variously to prompt tougher European actions against Poland, to encourage greater European burden sharing, and to provide U.S. budget savings. Complete withdrawal of U.S. forces over a short period of time would represent such a drastic shift in U.S. policy that its overall consequences would be catastrophic. The idea of partial or phased withdrawals, however, does have appeal for some. But in the current political climate, any significant withdrawals would be seen as punitive and would clearly provoke an angry, confused, and divisive European reaction that would severely harm NATO cohesion.

The Anti-Nuclear Movement in Europe

28. During most of 1981, the U.S. Government was not adequately sensitive to the impact on European opinion of its public discussions about limited nuclear war and its confrontational rhetoric aimed at the Soviet Union. Combined with European economic recession, cultural changes in Europe, and effective Soviet propaganda, U.S. rhetoric has added to European grassroots anxiety about nuclear war.

29. This anxiety has manifested itself in extremely strong European opposition to neutron bomb deployment and growing opposition

to INF deployments. This anxiety, however, should not be interpreted as overwhelming European support for unilateral nuclear disarmament, neutralism, or anti-Americanism. Polls show that a majority of Europeans continue to support NATO, INF deployment tied to continued negotiations, and friendship with the United States. Thus far the majority opinion in Europe does not support the aspirations of Europe's nuclear disarmament groups. But the trends are in the wrong direction and could cause long-term problems for NATO if allowed to continue.

30. Many Americans tend to overemphasize the extent to which nuclear disarmament groups in Europe are instruments of the Soviet Union. The Soviets clearly attempt to support, influence, and exploit the movement in many ways, but they did not create it nor do they direct it. The Soviets, however, would clearly gain if programs for unilateral nuclear disarmament were implemented. Much of the impetus behind Europe's nuclear disarmament movement comes from Dutch church groups with strong establishment credentials. The movement in Britain is less clerical but is also centrally organized under the Campaign for Nuclear Disarmament (CND). The movement in West Germany has no comparable umbrella organization but consists of environmentalists, youth groups, church groups, and professional groups.

31. President Reagan's November 18, 1981 zero option speech slowed the momentum of Europe's nuclear disarmament groups, but the setback may be short lived. The organizations and anxieties remain, and many observers believe that U.S. decisions on chemical weapons production will trigger a severe response in Germany this spring. In addition, the U.S. nuclear freeze movement is beginning to have the effect of reinforcing the European anti-nuclear movement. There is likely to be a tactical shift within the movement in 1982, with less emphasis on mass demonstrations and greater involvement in civil disobedience. President Reagan's June trip to the Bonn NATO ministerial meeting will be an exception, and massive demonstrations are now being planned.

Greek-Turkish Issues

32. The new Greek government of Prime Minister Andreas Papandreou has yet to fully formulate and implement its policy towards NATO and the United States. One clear aspect of its emerging policy is a call for a NATO security guarantee of Greece's eastern border. Papandreou has stated his opposition to the presence of foreign bases on Greek soil in the long run, but he has said Greece will not act unilaterally and in the short run he may feel that it is in the Greek national interest to allow them to remain. The United States is awaiting his initiative on this matter.

33. The new Turkish military government of General Kenan Evren has significantly reduced the number of terrorist killings, restored a widespread sense of internal security, proceeded with successful economic austerity measures, and convened a Constituent Assembly to draft a new constitution. The price for this progress has been military rule, temporary abolishment of political parties, and the jailing of some political leaders.

34. Greek-Turkish disputes continue in the Aegean and on Cyprus. Greek hints that they may extend the offshore territorial boundary

of their Aegean islands to 12 miles might if implemented because of war between these two NATO allies. Turkey would consider such an act as effectively closing the Aegean to Turkish high seas passage. Limited progress is reported in the inter-communal talks in Cyprus with an exchange of proposals and a new U.N. framework for negotiations.

35. In all issues concerning Greek-Turkish problems, the United States may be best advised to remain patient, judicious and even-handed in efforts to maintain good relations with both of our allies.

The Specter of Eurocommunism

36. In the mid-1970's, three West European Communist parties—the Italian, French, and Spanish—became associated with a new term, "Eurocommunism," which connoted an acceptance of democratic values and rejection of Soviet leadership. This phenomenon raised the issue of whether such parties should be deemed acceptable participants in Western European governments. Since then, the issue has faded, as has the idea of a Eurocommunist "movement." The French Communist party has reverted to its more traditional Stalinist tendencies and lost electoral strength (its role in the Mitterrand government being only token) while the Spanish party has failed to become a serious aspirant to governmental power. In Italy, however, the Communist party remains the dominant party of the left and has distanced itself further than ever from Moscow. The issue of substantial "Eurocommunist" participation in a major NATO government could thus arise again, depending on the outcome of Italy's next general election.

Spanish Entry Into NATO

37. Early this spring, the Senate ratified a NATO protocol approving Spanish entry into NATO. At a time when many commentators are focusing on NATO's problems, one key European country has thus decided to join the Alliance. Spanish entry may encounter some delays, but officials hope that all NATO countries can agree to the protocol by early this summer.

Chapter 1

HISTORY OF CONFLICT AND COOPERATION

The North Atlantic Treaty Organization today faces multiple strains among its members concerning policies towards Soviet behavior, attitudes towards defense responsibilities, and problems out of NATO's treaty area. Differences among NATO nations in each of these problem areas are not unique, and have existed since the Alliance's birth. At least four of the previous NATO controversies discussed in this chapter have presented more serious cause for alarm than any single controversy facing NATO today. The four include arguments over the European Defense Community (1950–54), American anger over the Suez invasion of 1956, the French withdrawal from NATO's military wing, and European opposition to U.S. involvement in Vietnam from 1965–73. What is relatively unique about today's situation in NATO is that there are multiple controversies facing policy makers at one time, presenting a cumulative problem which requires high level attention.

This chapter reviews past NATO controversies so that current problems can be placed in proper perspective. NATO has survived for 33 years despite these many differences because it was grounded in common values and heritage and bound by a common desire to unite in defense against a possible military attack by Warsaw Pact forces. The large majority of West Europeans still share this common desire. A review of NATO's past problems shows that serious differences among NATO countries can be managed without threatening the institution of the Alliance itself.

A. The Origins of the North Atlantic Treaty, 1945–49

Disagreements within the Alliance began at its birth in 1949. The treaty marked a great departure in the history of an American foreign policy which until then avoided "entangling alliances." Temporary coalitions in wartime did not violate the centuries-old warning by George Washington, but a long term promise to resist an attack in Europe and North America required a change in American diplomatic thinking. The treaty was a product of the gross differences between the world Americans expected at the end of the Second World War and the one which ensued. Most American diplomats and strategists in 1945 expected the United Nations to be the international organization in charge of keeping the peace throughout the world. The idea of the division of the world into hostile blocs seemed a repetition of all that was wrong with European diplomacy, but the Cold War with the Soviet Union changed that assumption.

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In June 1948 the Senate passed the Vandenberg Resolution favoring American participation in a regional North Atlantic Alliance directed against the Soviet Union. The support of Republican Senator Arthur Vandenberg of Michigan, the chairman of the Committee on Foreign Relations, made U.S. participation in NATO possible and provided the Truman Administration with one of its greatest achievements. Vandenberg, a onetime isolationist, was persuaded to introduce his resolution by arguments that the Soviet Union stood ready to march across a prostate western Europe. That threat did exist, but a greater danger existed in the shattered economics of western Europe. The Vandenberg resolution indicated that the United States would continue its presence in Europe even after Marshall Plan aid stopped.

For Europeans, the creation of an alliance with the Americans represented only the continuation of traditional diplomacy. When European politicians looked at the Vandenberg resolution, they were pleased at the American commitment to continue in Europe, but not solely as protection against the Soviet Union. For the French Government, the presence of the United States in Europe fulfilled a dream as old as the Paris Peace conference of 1919 when France had tried unsuccessfully to recruit the United States into an alliance against Germany. Now, in the aftermath of the Second World War the United States had agreed to come into Europe, and for the French that meant in large measure protection against Germany.

Even with the creation of NATO, the United States did not send troops to Europe. That waited until the outbreak of the Korean war. In December 1950, in the midst of the Chinese attack on the American forces, the United States sent General Dwight D. Eisenhower to command four divisions in Europe.

B. Inter-Allied Conflict Over the Conduct of the Korean War

Several of America's NATO allies, including Canada, Great Britain and France, sent troops to Korea in support of the United States in late summer 1950. In early December 1950, however, the Europeans responded with shocked indignation to President Harry Truman's casual press conference comment that the United States "might consider" dropping atomic bombs to beat back the Chinese troops fighting alongside the North Koreans. British Prime Minister Clement Attlee, shaken by the prospect of Soviet retaliation with atomic weapons of their own against western Europe, and angry that no Americans had asked his opinion before Truman spoke, took the next flight to Washington.

Attlee made Truman withdraw the threat, but a pattern had been set for future inter-allied feuds. First, mutual unhappiness persisted over the absence of prior consultation, and second, the Europeans worried that their countries might become targets for Soviet atomic bombs while the United States would escape unharmed. These European fears sometimes grew into an expectation that the United States could not be trusted to defend Europe.

C. Disagreement Over the European Defense Community, 1950–54

American defense planners concluded in 1949 that Europe could not be defended against a Soviet attack without the participation of

a newly resurrected German army. The French, naturally, took a dim view of Germans in uniform and looked for ways of controlling these troops. The prospect encouraged some French politicians to believe that only the political integration of Europe, following the economic integration already begun with the European Coal and Steel Community, could prevent a revival of German militarism. Accordingly, the French Government of Prime Minister René Plevin endorsed a scheme by Jean Monnet, the architect of the Coal and Steel Community, for a supranational European army—the European Defense Community (EDC).

In Washington the idea took hold as a way of nudging the Europeans toward political unity. Fighting a war in Korea, having sent an army of 80,000 men to Europe, and agreeing to finance part of the French war effort in Indochina, the Pentagon believed that the EDC would become the way that the Europeans could share the burdens of defense.

For the remainder of the Truman Administration, American diplomats pressed the French to ratify the EDC treaty, but the French parliament had grave doubts about EDC. Socialists and Communists wondered about Germans in any uniforms, whether as part of a separate army or part of a multinational force. French army officers were not enthusiastic about the plan either, as it would mean submerging their own units in a multinational force. Delays persisted throughout 1952 and into the Eisenhower Administration. Finally, at American urging, the French Government forced a vote in the National Assembly in August 1954, but the parliament voted against ratification and the EDC died.

In the wake of the defeat of the EDC, American defense planners threw up their hands at the French, whose army had recently lost a war in Indochina and whose politicians questioned European unity. U.S. strategic planners concluded that the Federal Republic of Germany would make a more stable military partner. The West Germans, careful not to revive charges of revanchism, would be more likely to follow American direction, while the French were more likely to follow their own diplomacy. A new German army, closer to the Soviet troops and not stung by defeat in Indochina would present a more formidable fighting force.

So, in 1954, the United States supported the creation of a new German army, and the next year admitted the Federal Republic to the NATO alliance. The same year the Treaty of Rome created the European Economic Community, another step toward the economic integration of Europe. But the separate German army and the suspicions that the French looked more toward their European past than toward the supposed Soviet threat tended to undercut Alliance unity.

D. The Suez Embroglio, October–November 1956

The NATO Alliance suffered its most severe strains in its first decade when France and Britain joined Israel in attacking Egypt in late October 1956. President Dwight D. Eisenhower and Secretary of State John Foster Dulles reacted with the threat of severe sanctions to a war in which two NATO allies surprised Washington without a hint of what they intended to do. America's outrage was ampli-

fied, because the Suez war took the spotlight off the Soviet invasion of Hungary and came in the midst of an American presidential election in which Eisenhower took the stump as a peace-keeper. The United States surprised Britain and France by voting with the Soviet Union at the United Nations for a cease-fire and took even more forceful actions on its own to make the Europeans withdraw from Egypt. The United States also threatened action to wreck each country's currency and to deny Britain and France access to western hemisphere petroleum. Faced with potential American sanctions, the British and French ruefully left the canal zone.

The Suez controversy reinforced the conviction of American diplomats that Britain and France clung to nostalgic dreams of empire. Americans felt the Europeans were living in the past and averting their gaze from the present danger of the Soviet Union. For their part, the French sullenly drew the lesson from Suez that the United States was an unpredictable and unreliable ally. The advent of Charles de Gualle reinforced this French attitude and led to a more independent French foreign policy. The British drew different conclusions from the debacle of Suez. Realizing that Britain no longer had its old strength, the new government of Harold Macmillan vowed never again to be at odds with the United States. Macmillan, perhaps more than any British prime minister other than Churchill, spoke warmly of the "special relationship" between the United States and Britain. Macmillan acknowledged that the United States was by far the stronger partner, but the prime minister thought Britain could overcome its military weakness by "playing Greece to America's Rome."

E. The Skybolt Affair, 1962

While Britain's relative economic and military power declined in the late fifties, the British were the only NATO country other than the United States to have nuclear weapons. Despite the American interest in European military integration, American defense planners were reluctant to share atomic secrets with the Europeans. Even the British, who during the Second World War were kept well informed about the atomic bomb project, were cut off from access to atomic secrets in the early fifties.

In the last 2 years of the Eisenhower Administration, however, the Pentagon hinted that the United States would provide Britain with American Skybolt missiles to deliver British atomic bombs to targets in the Soviet Union. The new Kennedy Administration followed the same policy. In early 1962, however, Secretary of Defense Robert McNamara took a closer look at Skybolt. He was worried that it would cost too much, be inaccurate, and set back plans to unify all NATO nuclear arms under a single umbrella. After months of hints, most of them so subtle as to be ignored by the British, President Kennedy let the British know in November that the United States was cancelling the Skybolt program. This announcement was followed almost immediately by the wounding remark of former Secretary of State Dean Acheson that "Britian had lost an empire and had not found a role."

A frosty meeting ensued between President Kennedy and Prime Minister Macmillan at Nassau in the Bahamas. The American presi-

dent sought to mollify the offended British with promises of American Polaris submarines and missiles to deliver British warheads. The two leaders also issued a confusing communiqué pledging movement toward multinational naval forces in NATO. Neither leader knew the difference between a "multinational" force made up of independent ships from each nation's navy and a "multilateral" force, made up of mixed crews. A multinational force would not change the current American control over nuclear weapons, while a multilateral force would share the decisions.

While Macmillan may have had his feelings calmed by Kennedy's assurances, domestic critics back home in England were unappeased. Press and Parliament were in an uproar over Skybolt, charging that the sudden American withdrawal from the project had embarrassed Britain and mocked the "special relationship." The wound to British self-esteem was best expressed by the comedy group "Beyond the Fringe" which commented on the state of the British deterrent with a sketch of a British officer climbing a ladder leaning on the newly erected Berlin Wall, carrying a suitcase containing an H-bomb, and hurling suitcase and bomb into East Berlin.

F. French Withdrawal From NATO, 1966

In March 1966, French President Charles de Gaulle informed American President Lyndon B. Johnson that France was withdrawing its troops from the unified command structure of NATO. The move was a long time in coming. France had taken its navy from the NATO command in 1959 and President de Gaulle had resented the direction of American foreign policy for years.

The Cuban missile crisis of October 1962 had shocked the French president, despite his message to Kennedy at the height of the confrontation that the Americans could count on French support. The fact that the United States and the Soviet Union reached an agreement over Cuba by themselves, without the consultation of their allies, persuaded de Gaulle that he had been correct in long standing opposition to the division of the world into blocs led by the superpowers in which mid-range states like France would have little to say. The missile crisis also convinced de Gaulle that the United States and the Soviet Union would draw back from the brink of war with one another. That might be good for the long-term survival of humanity, but it also suggested that the two superpowers put their own interests before European interests. This concern of decoupling the United States nuclear deterrence from European interests led France to begin development of an independent nuclear deterrence.

Between 1962 and 1966 France developed its atomic weapons program, and in March 1966 announced that its forces no longer would come under the command structure of the Alliance. The reaction in the United States was quick, angry and predictable. Americans accused the general of ingratitude for the economic aid that had fueled Europe's recovery and made development of France's nuclear force possible. They dismissed his promise that France would remain part of the Alliance pledged to resist an "unprovoked" attack as weasel words allowing France an exit from its commitment in any real crisis.

They wondered aloud about his delusions of grandeur and accused him of consorting with the Soviet enemy. Former Secretary of State Dean Acheson reflected American sentiment when he told Senator Henry Jackson's Subcommittee on Government Operations that de Gaulle was "think(ing) in terms of a past era."

G. The Multilateral Force, 1962–67

The Johnson Administration tried a more direct response to the French withdrawal by attempting to breathe life into the plans for a Multilateral Force (MLF) for NATO's nuclear navy. This plan was intended to solve the puzzle of German participation in atomic weaponry without relinquishing the American veto over the use of atomic bombs. The MLF would have naval vessels bearing nuclear missiles manned by mixed nationality crews. The commanders of the ships would answer to the NATO command, not to their individual governments.

Successive West German governments from Konrad Adenauer to Kurt Kiesinger looked favorably on MLF, but successive British governments were not so sure, seeing MLF as a means of killing the independent British deterrent. A variety of changes were made in the plans for MLF, each of which gave greater autonomy to the individual national contingents, while retaining the American veto over the use of atomic weapons. What emerged in 1967 satisfied neither the proponents of true multilateralism nor the advocates of strict American control, and MLF died.

H. The Mansfield Amendment, 1966–74

In the U.S. Congress a different response arose to French complaints about the superpower domination of the Alliance. Senator J. William Fulbright, the Chairman of the Senate Committee on Foreign Relations, coupled his growing disillusionment with the course of American policy in Vietnam with a re-evaluation of the worth of the NATO Alliance. In a famous speech, Fulbright characterized the 1940's fears of a Soviet invasion of western Europe as "old myths" to be replaced by the "new realities" of the end of the Cold War.

In 1966 Senate Majority Leader Mike Mansfield sought to translate the sense that the Cold War had moderated and the widespread worry that it cost too much to station American troops in Europe into law with an amendment requiring the reduction of the United States troop strength in Europe from 300,000 to 250,000 men. Senator Mansfield introduced similar amendments in every session of Congress from 1966 to 1974, until, finally, the issue was deferred by United States agreement to open Mutual and Balanced Force Reduction talks.

Faced with considerable questioning in Congress about the validity of the NATO Alliance, the Johnson and Nixon Administration's mounted a public relations campaign to generate popular backing for renewal of the pact in 1969. Even Bob Hope was enlisted to narrate a series of pro-NATO TV ads carrying the message, "If NATO weren't here, you might not be either."

I. Allied Attitudes Toward the American War in Vietnam, 1965–1973

Unlike the Korean war, no European powers sent troops to fight alongside the Americans in Vietnam. Some governments, notably Harold Wilson's in Britain and Ludwig Erhard's in West Germany offered some verbal support, especially when it appeared as if the United States was making a bona fide effort to negotiate a settlement. During the period of escalation, from 1965 to 1968, however, the predominant attitude of the European governments was shock, dismay and bewilderment.

For the French, and the West Germans under Willy Brandt, the United States had involved itself in a civil war to the detriment of its more important interests in Europe. President de Gaulle grew bitter with the Americans and predicted in a 1966 speech in Cambodia "there is . . . no chance that the peoples of Asia will subject themselves to the law of the foreigner who comes from the other shore of the Pacific, whatever his intentions, however powerful his weapons." The French president also argued that the American Indochina involvement would increase East-West tensions and in fact contributed to the outbreak of war between Israel and the Arabs in June 1967. Economically, the Germans and the French argued that the war sapped American wealth and exported inflation to Europe. De Gaulle drove this point home by demanding gold payment for the dollars held by the French central bank. Worst of all, from the European point of view, the United States acted in Vietnam without consulting the Europeans. In many ways Vietnam was America's Suez crisis, except it lasted for 8 years, not 1 month.

Americans who supported the United States war in Vietnam and resented France for having withdrawn from NATO once again reacted angrily to de Gaulle. Even those who had doubts about the course of American policy in the war recalled that no American official had publicly criticized France's war in Algeria, while de Gaulle went so far as to condemn an "unjust war," or a "detestable war," "the bombing of a small people by a very large one." Americans concluded that the French president only exploited the American predicament and vented the sour delight of a country which had lost its own Indochina war and could not stand to see the United States succeed. The Vietnam war, therefore, drove a deep wedge into the NATO alliance which was not removed until the United States had withdrawn from Vietnam.

J. The Greek-Turkish Conflict Over Cyprus, 1974

American extrication from Vietnam, however, did not end the strains within the Alliance. In July 1974 two NATO partners, Greece and Turkey, came to the brink of war over the future of Cyprus, an issue that had nothing to do with the Soviet Union. The Turkish invasion of Cyprus was only the latest in a series of conflicts between Greece and Turkey over the future of that Mediterranean island. The July 1974 episode erupted after a Cypriot group favoring union with Greece briefly seized power in Nicosia, sending President

Makarios into exile. Turkey responded by sending troops to the northern portion of the island. The Cypriot plotters lost power in a week and Archbishop Mikarios returned to the presidency. At the same time the Greek military government fell to public outrage over the colonels' involvement in the Cyprus uprising. In August 1974, during talks in Geneva which followed a cease fire, the Turks launched a second attack on Cyprus.

War between two NATO allies was avoided, but Greece took the matter to the United Nations. The new Greek Prime Minister Konstantine Karamanlis accused the American Government of having installed the colonels in 1967 and having "tilted" toward Turkey in the Cyprus war. Congress proposed an arms embargo on Turkey, but Secretary of State Kissinger and President Gerald Ford resisted the embargo as a threat to the safety of NATO's "southern flank." Congress, however, succeeded in blocking further shipments of arms to Turkey from 1975 to 1978, a move which drew severe criticism from the Turkish Government. Greece, for its part, continued its efforts to remove Turkish troops from Cyprus and successive Greek governments questioned the usefulness of membership in NATO.

K. Similarities and Differences Between Past and Present Trans-Atlantic Strains

Current disagreements in the Alliance resemble previous ones in the nature of the complaints—lack of coordination, lack of consultation, different estimates of the Soviet threat, and different interests in other areas of the world. While the arguments heard on both sides of the Atlantic sound familiar, other things have changed. The Europeans no longer depend on the United States for their daily bread as was the case in the late forties and early fifties. The North Atlantic economies are interdependent now, and the United States cannot count upon its allies to follow its lead on political issues to the extent that it could in the past. Equipped with a new selfconfidence, Europeans have come to express more openly the doubts they have often felt about American policy toward the Soviet Union.

Unrest in the Soviet Union's East European empire is of course nothing new. At least two features distinguish this crisis from earlier ones, however. It comes after more than a decade of East European countries' experience with expanding economic and political ties with the West, and in carefully fashioning some modest leeway in the formerly closed world of the Soviet bloc. It also comes at a time of severe economic problems for all concerned, casting East European nations adrift between shrinking Western credits and trade, and shrinking Soviet ability to sustain the economic costs of empire. Additionally, the Polish locale of the crisis is both strategically and economically indispensible to Soviet control of Eastern Europe. Soviet anxieties about Western designs on Eastern Europe are acute. A key Soviet response has been to encourage European members of NATO in their beliefs that American diplomacy lacks balance and reliability. Hence the Soviets have sharply intensified their endemic propaganda war to separate Europe from the United States.

Finally, the most persistent strains within the Alliance derive, paradoxically, from its success in accomplishing its principal aim—the preservation of the peace in Europe. Whatever the military threat

from the Soviet Union over the last 35 years, no war has broken out in Europe. As NATO has helped prevent war, the partners have had the freedom to express their own opinions about the proper strategy to use in their continuing political confrontation with the eastern bloc states.

Despite real disagreements, the NATO allies have maintained a common core of beliefs about world politics, their relations with one another, and the nature of the Soviet system since the late forties. Briefly, the partners acknowledge that the nationalistic rivalries which led to two world wars in the 20th century can no longer be allowed to threaten the tranquility of Europe. They recognize the need for some sort of European political, social and economic integration, while they continue to believe that the United States has to play an active role in European diplomacy. Most of all, they are united in their conviction that significant differences exist in the political, economic and social systems of the western countries and the eastern bloc.

In many ways, the contentiousness of the NATO Alliance resembles the controversies which make democratic societies lively but do not undermine their legitimacy. Differences of opinion among sovereign allies cannot be eliminated. They have existed since the beginning of NATO without destroying the allies' recognition that they need one another. The current problems within NATO are complex and wide in scope but they are no more serious than many of those successfully managed in the past by the Alliance.

CHAPTER 2

THE ALLIANCE AND EASTERN POLICY

A. DEFENSE AND DÉTENTE: THE HARMEL REPORT EVOLVES

In December 1967 the NATO Ministerial communiqué contained an annex titled "The Future Tasks of the Alliance." Known as the Harmel report after its principal author, it noted the success the Alliance had in stopping the spread of communism, and charted the future in two directions. The first was military strength adequate to deter aggression.

Second, the report stated that serious East-West crises cannot be excluded with the German question unresolved. This statement echoed the continuing realities of a divided Germany and periodic and unpredictable tensions over the status of Berlin. Thus the Harmel report charted as the Alliance's second task the search for progress toward a more stable relationship with the Soviet Union and Eastern Europe.

The early 1970's saw much accomplished on the second task. The Quadripartite Agreement in 1971 stabilized the status of Berlin and launched a series of inter-German agreements regularizing and increasing human, political, and economic dealings between East and West Germany. De Gaulle's window on the east, German Ostpolitik, and American détente flowered for a time.

By 1978, the bloom was off détente. SALT II negotiations were dragging on, and NATO had become concerned enough by the Soviet military buildup, in Europe and globally, for its members to pledge an annual 3 percent real growth defense spending increase. NATO member Portugal had a narrow escape from communism. Many on both sides of the Atlantic were disturbed by a growing pattern of Soviet assertiveness in the developing world: in Angola in 1975, in the use of Cuban proxies in that and other newly independent states, in Yemen, in Ethiopia in 1977. In May 1978, therefore, the NATO Ministers reassessed the Harmel report. This time their language on the Soviet Union was more somber, their view of the atmosphere for East-West cooperation, even in Europe, less sanguine. But having voiced their concerns, they went on to reaffirm the validity of the two complementary Alliance missions of the maintenance of military security and the pursuit of détente.

The Soviet invasion of Afghanistan in December 1979, was the last straw for most Americans. Europeans saw Afghanistan as somewhat more remote, knew the Soviet Union itself as a near neighbor, and felt a much more tangible stake in détente in human contacts, trade, and political tranquility in Europe, than had ever been the case for the United States. After an extensive debate over whether Soviet motives were more defensive or imperialist, Europeans concluded that, in either case, certain Soviet geopolitical gains had resulted,

and Afghanistan represented a serious blow to détente. The future of détente policy was obviously in doubt, but on the specific issue of sanctions, most Europeans felt they were not only costly to the West and of debatable effectiveness, but more likely to harden Soviet attitudes than to compel Moscow to reassess its international behavior.

The NATO Foreign Ministers' Rome communiqué of May 1981 stated that "the Alliance will maintain a dialogue with the Soviet Union and will work together for genuine détente and the development of East-West relations, whenever Soviet behavior makes this possible." The addition of the word "genuine" before détente reflected considerable internal NATO discussion and a conscious decision to focus on more meaningful content.

NATO and NATO members from late 1980 throughout 1981 devoted much attention to Solidarity-led reform in Poland and its possible implications for Soviet as well as NATO security interests. NATO hoped to deter Soviet intervention in Poland with a series of warnings from a united West, and wanted—after the disarray all too evident in Alliance attempts to react to Afghanistan—to be prepared to react in consensus in the event of intervention. Indeed, the December 1980 NATO Ministerial took unprecedented steps toward planning for specific reaction measures, and set in motion an ongoing process of consultation and refinement of these. The menu of possible measures agreed to as within the appropriate range for specific NATO governments' decisions, should intervention occur, were aimed primarily at the possibility of an outright Soviet invasion of Poland after the pattern of Hungary in 1956 and Czechoslovakia in 1968. Various "gray area" scenarios of Soviet interference short of invasion were discussed in NATO, but proved too vague, various, and controversial to plan for specifically.

The impression of NATO solidarity probably contributed to the long Soviet hesitation over an effective response on Poland, although realization of the military and economic price they would pay in trying to occupy and pacify Poland probably was the major factor in Moscow's thinking. Ironically, the NATO stance probably also contributed in some measure to the eventual Soviet decision to try to get the Polish military to bell the cat, as less devastating to Polish sovereignty than the Soviets' doing the job themselves. This presented NATO with a much tougher challenge to which to react in concert.

B. NATO and Past East European Crises

Reaction to Soviet suppression of previous uprisings in Eastern Europe by NATO itself had been limited to verbal protest and enhancement of NATO's own defense posture. The 1953 East German riots were treated as an Allied Three Power matter; Berlin was not covered by NATO proper until the FRG became a member in 1954. The Hungarian Revolution of 1956 was discussed in NATO councils (themselves rent by the simultaneous internal crisis over Suez), but referred to the U.N. for action. The 1961 Berlin crisis, arising from Khrushchev's ultimatum that the GDR would assert authority over East Berlin and culminating in the erection of the Wall on August 13, was handled largely by the three Allied Powers. That December, NATO Foreign Ministers reaffirmed NATO's commitment to free Berlin and undertook a general military posture review in reaction to

the crisis. In the fall sanctions had been discussed in NATO but not pursued, lest they provoke retaliatory interference with Western access to Berlin. In the 1968 Czechoslovak crisis the United States took the lead in NATO in urging no provocative NATO action that might prejudice U.N. action. Some NATO members made gestures of protest individually, boycotting diplomatic events or cancelling a cultural agreement. NATO Ministers met a month early, in November of 1968, repudiated the Brezhnev doctrine, and recommitted the Alliance to both defense improvements and the goal of détente.

C. Sanctions and the Polish Crisis

The Polish crisis brought the third major effort by the Alliance to invoke sanctions in little over 2 years. The Iran and Afghanistan experiences had taught some lessons: e.g., the relative ineffectiveness of economic sanctions not supported by all Western suppliers (the grain embargo, among others) and the importance of being sure of legal ground in advance. (Several independent national Olympic Committees successfully opposed governments' Olympic boycotts.) Nonetheless, the economic aspects of proposed sanctions were to bedevil the Alliance again in the Polish crisis. The December 1980 Ministerial had found no consensus on measures affecting existing, as opposed to future, contracts with the East, even against the contingency of an outright invasion. Moreover, there is a fundamental difference in the structure of Western exports to the East: U.S. exports are heavily agricultural; Western Europe's are heavily industrial. As soon as American reluctance—for forceful domestic political and economic reasons—to again sacrifice the grain trade with the Soviet Union became apparent, European resentment of U.S. restrictions on oil and gas equipment affecting the Siberian natural gas pipeline project grew.

When martial law was declared on December 13, 1981, the Allies had just completed the December Ministerial. Most foreign ministers had already left Brussels, but Secretary Haig delayed his departure for the Middle East to monitor developments and stay in touch with NATO members through their delegations in Brussels. Shortly thereafter, senior U.S. officials visited European capitals to consult further. European allies were, however, only informed of U.S. sanctions shortly before these were announced December 29, not consulted on the specific measures. European reaction ranged from outrage to understanding that, if the United States was to marshal a forceful reaction, it probably had to lead the way.

Widely accepted in the Alliance is the importance of symbolic protest, more or less regardless of extensive practical effects—the "no business as usual" reaction. Most measures taken so far come under this heading, and have been more political than economic.

There exists also a common Alliance desire to inflict some level of cost and pain, recognized as well short of anything likely to alter Soviet behavior over anything so sensitive as a perceived Warsaw Pact security crisis. There is considerable argument, however, over degree—which measures might be how costly and to whom.

Another common goal has been to give Polish authorities incentives to relax conditions, and the Soviets reason to acquiesce. But the United States tended to see limited sanctions of the type President Reagan

announced on December 29 as the best way to achieve this, whereas many Europeans argued at least initially for more of a carrot approach.

The most radical common goal involves getting the Soviet Union to accept some legitimate reform in the specifics of socialism in Eastern Europe. (This whole subject is rarely even publicly alluded to by Western governments, lest it be miscontrued in the East as naive tilting at socialism itself.) And again, there is disagreement on how best to encourage internal reform in Eastern Europe. At one end of the spectrum, some West Germans argue for a level of contacts and trade sufficient to encourage modest continued East European efforts at a degree of independence, while protecting both Eastern and Western Europe from the hostile thrashings of a declining Soviet Union. At the other end of the spectrum, some Americans argue for economic warfare as likely to hasten the end of the Soviet empire, while at least in the meantime avoiding subsidizing it. It is, of course, not accidental to national size and location where one sits in the spectrum.

D. Differing Trans-Atlantic Views of Soviet Behavior and the Polish Crisis

Americans are aware of the importance of a strong economy for adequate defense and international political and economic influence, but Europeans see a clearer and more present danger to the free world in the economic disarray of the industrialized West than in the Soviet military threat itself.

It is a fact that a double standard exists by which the world, certainly Europe, judges Soviet and American behavior. It comes as no surprise when the Soviets behave "like Soviets." The United States is judged by the different standard of a nation grounded in Western values of individual dignity and freedom (including freedom for its friends as well as its own citizens to dissent), in addition to the traditional American impulse to be appreciated internationally as well as respected.

The double standard, as well as the fact that Europeans have to live on the same continent with the Soviets whereas Americans don't, affects Alliance interpretations of the relevance of the Helsinki process to the Polish crisis. An important part of the U.S. position on Soviet-orchestrated martial law in Poland is that the Polish and Soviet Governments signed in 1975 in the Helsinki Final Act a pledge that included non-intervention in another state's internal affairs and basic human rights of free movement and expression. Europeans take the Helsinki process seriously—historically, often more seriously than have Americans—but they are ambivalent about the practical consequences of pressing Poland as a Helsinki violation. They fear that the whole Helsinki process would be exposed as useful implied pressure on the political and human rights conduct of the U.S.S.R., but ultimately unenforceable if applied too literally. Hence a compromise—Foreign Ministers convened at the CSCE follow-on conference in Madrid in early February to denounce repression in Poland in the CSCE context, followed by a long recess until fall, rather than a prolonged pressing of Poland now or a move to wrap up the long Madrid session for good. Part of the backdrop to all of this is con-

siderable European nervousness about suggestions of U.S. intrusion into the Warsaw Pact status quo, a sentiment the Soviets, of course, play upon diligently.

Détente has long been in disrepute in the United States. (Indeed, the word itself has been politically loaded since the Ford Administration.) East-West trade is widely perceived in the United States to have failed as a liberalizing-through-dependence influence on the Soviets. The principal Eastern policy questions for the Reagan Administration have revolved around how to be effective in a more assertive policy toward the Soviet Union. In grappling with how to respond to perceived Soviet international misbehavior, the Reagan Administration has disagreed with Europeans who don't really want to punish at all, and Americans have disagreed with other Americans over degrees of punitive action and the effectiveness of specific instruments.

Americans have closer emotional ties to Poland than other East European countries, dating back to Polish help during the American Revolution, and nourished by the personal ties of some 10–12 million Polish-Americans. Thus, the scene was ripe for an American explosion over the snuffing out of Poland's reform. In Europe, there had been perhaps even less optimism than in the United States that the Polish renewal would succeed. There has been an impressive human response to the Poles' plight in many West European countries, including millions of food parcels and other private humanitarian relief projects, but a not uncommon popular European initial reaction to martial law was that maybe now the Poles would go back to work. Americans, much more disposed than most Europeans to challenge the Soviet Union's international behavior, quickly set aside the internal contradictions and fragility of Poland's experiment and focused intensively on Soviet pressure and interference. Similarly, Europeans tend to be more conscious than most Americans of the importance of the distinction between a relatively less repressive Polish crackdown and a full-blown Soviet one.

Europeans thus feel that the Alliance's reaction to Poland is reasonably proportionate to the level of repression to date, and that some Western muscle should be saved for a possibly uglier phase. For the Reagan Administration, on the other hand, Polish martial law represented an opportunity for the application of linkage, and the crackdown in Poland triggered long-smoldering hostility toward the Soviet Union in the public, and in parts of the Administration and Congress. As with arms control and East-West economic policy generally, the Polish crisis for the United States developed into an internal debate over how to crimp Soviet power without damaging United States and Western interests more than the Soviet Union. Fueling the emotional intensity of this debate has been a widespread American sentiment that, if the Europeans aren't going to react vigorously to Soviet intimidation in the heart of central Europe, where will they draw a line? These American emotions are the stronger for coming on top of frustrations over European ability and willingness to pay for NATO modernization and to follow through on the INF deployment commitments.

Europeans tend to see the Soviet Union as an internally troubled power more defensively motivated, albeit dangerous, than imperially

driven, though they worry about the unknown impulses of a Soviet succession leadership. The long-term Soviet decline strikes many Americans as possessing more aggressive characteristics. On the other side of the coin, the United States is seen as trying to solve too many international problems by military means, and viewing the world too much through the prism of East-West confrontation. Entangled in this European conviction are numerous grievances about American insensitivity. European self-doubts and insecurities have been exacerbated by both the blunders of the Carter Administration in Alliance relations (the neutron bomb handling is the most celebrated case), and the rhetoric of the Reagan Administration, which have come across to Europeans as both naive and warlike. Europeans, for their part, fail to understand that the Reagan Administration's rhetoric has been an important element in restoring the international self-respect of a nation, battered by Vietnam and the Teheran hostages, to a disposition to lead the Alliance—an American failure the Allies were bemoaning only a year or two ago. But Europe has also found disruptive the recent string of one term American presidencies and the heavy turnover in the U.S. Congress, with the attendant policy reevaluations, delays, and shifts.

E. Several European Country Perspectives

The British never became as deeply engaged in détente era relationships with the Soviets as did the West Germans, Americans, or French. Consequently, they have gone through less reappraisal and correction in ensuing years. In the Polish crisis, the British have sought to mediate at times between impatient Americans and reluctant Europeans, partly because the onset of martial law found Britain still in the chair at the Ten, partly because Britain's geography and history place her outlook on the Soviet problem somewhere between continental entanglements and American unilateralist impulses.

In Italy, the protest of the large and influential Italian Communist Party over repression in Poland was vociferous, enough so to cause a public rupture (just short of excommunication) with the CPSU. The Italian Government shares the German view of the Soviets as more defensively than offensively motivated, wants to avoid pushing the other countries of Eastern Europe back into the arms of the Soviet Union, and sees the United States as overly preoccupied with the Soviet threat. Official Italian denunciations of repression in Poland have been vigorous nonetheless. Together with Italian stalwartness on NATO INF deployment and the government's pause in pipeline negotiation, this strong moral stance has brought Italy credit in the Alliance, and particularly in a United States simultaneously delighted with Italy's successful freeing of General Dozier from terrorist captors.

Knowledgeable French observers feel that President Mitterrand, because of his personal experiences in the cold war period and in political harness with the French Communist Party, understands better than did Giscard the dangerous trends of economic and military weakness and political complacency in Western Europe, and Soviet use of military power for political intimidation. Mitterrand issued the first French Government statement of support for FRG deployment of

NATO Pershing IIs and GLCMs. Mitterrand has moved with Chancellor Schmidt to reaffirm in current circumstances of Alliance stress over defense and eastern policy, through two recent meetings, the special Franco-German relationship of recent years. Mitterrand's own strategy appears to be to play for time in Eastern policy, to let the West rearm appropriately and the Soviet empire decay further. Viewing a declining Soviet Union as no less dangerous, Mitterrand appears to be attempting to deal with Soviet military power and political obsolescence from Western defense and economic strength. At the same time, the Mitterrand government pursues a vigorous North-South policy, for its own intrinsic morality and practical merits, but also to make it harder for the Soviets to capitalize on developing world instability.

The Mitterrand government feels that, while U.S. opposition to Soviet international assertiveness is clear, the Reagan Administration does not yet have the non-defense aspects of a conceptual strategy for dealing with the Soviets for the long haul. Disdainful of economic leverage as ineffective and hence a foolish sacrifice for the West, the government has, on the other hand, beefed up internal French controls on transfer of sensitive technology. The principle of the French controls is to signal a potential problem before a contract is signed, but last fall the French Government also forced renegotiation of aspects of an existing contract for communications equipment for the Siberian pipeline it found unsatisfactory.

The French have as yet announced no measures in response to the Polish crisis in follow-on to the January 11 NATO declaration. French political observers report that the French Communist Party's popularity has suffered in the wake of martial law in Poland, and results of mid-March provincial elections would seem to bear this out.

The Polish crisis has exposed more sharply than any development since the 1950's the fundamentally different, and potentially conflicting, aspirations papered over by the 1954 Alliance bargain of support for eventual German reunification, for West German rearmament and NATO membership. In practice, most West Germans talk and think of a coming together of their divided countries in the mundane details of daily life rather than a juridical change in status. But West Germans resent being pushed to choose between Ostpolitik and the Alliance. Other Alliance members resent German reluctance to choose. Understandably sensitive to the fact that they are different because they are half of a nation whose other half is in the East, West Germans resent what they perceive as being held to higher standards of Alliance solidarity on sanctions than other West European governments that got credit for talking a firm game but have been at least as wanting in action as the FRG. Underlying these emotions is the FRG's understandable pride in its political coming of age internationally through the cutting edge of Ostpolitik. The post-war economic giant escaped from political dwarf captivity. Threats to détente by extension seem to threaten FRG international political status. West German resentments are also intensified by the economic and political problems of the SPD–FDP coalition, now 12 years in power, and plagued by divisions in both parties on economic and nuclear policy as well as by declining voter enthusiasm.

West German eastern policy has intense popular roots beyond government policy. Germans do not feel they can abandon Germans on

the other side of the border. If reunification is but a distant goal, meanwhile they want to try to ease the lot of the East Germans. Other Europeans, and certainly Americans, tend to forget that the divided nation is a living reality for most Germans today, not a bit of history. The FRG-Polish rapprochement of the 1970's reunited many families. It is estimated that there are perhaps a million Germans still living in Poland, of whom perhaps 20 percent wish to leave.

West Germans view their early reactions to martial law in Poland as forthright in condemnation, and appropriately cautious in action, given the FRG's proximity to Poland and the Soviet Union, and the perceived importance of salvaging enough of eastern contacts and Soviet acquiescence to weather a bleak period against a more opportune time for East European reform and diversity. This includes reassuring the U.S.S.R. that the FRG understands its basic security interests in Eastern Europe. West Germans also remind the Alliance that Berlin has been quiet in recent years but remains vulnerable. Many of West Germany's allies think the FRG should have been more in the active lead of practical reactions to repression in Poland, and that the pull of inter-German cooperation deludes the FRG into believing more is possible of a cooperative eastern policy than the Soviets will ever willingly allow.

That the imposition of martial law found Chancellor Schmidt in East Germany in the midst of the first meeting between a West German Chancellor and DDR party leader in nearly a decade, made for some unfortunate symbolism for the FRG in the West. While the Chancellor's subsequent report to the Bundestag on December 18 flatly condemned Polish martial law, it dwelt more lengthily on his meeting with Honecker as an "inter-German contribution toward an international safeguarding of peace."

On December 29 a major speech of Vice Chancellor and Foreign Minister Genscher reaffirmed for the FRG the twin Alliance policies of defense and détente. He went on to assert that setbacks to détente require not a slide back into cold war, but effective deterrence, demands for Soviet restraint, and a continuing East-West political dialogue to reduce differences. CDU politicians acknowledge that a CDU government would continue a détente policy, differing largely rhetorically, and in the stiffness of inter-German quid pro quos sought, as an example in exchange requirements for travel between the two Germanies.

F. The Course to Date of Alliance Consensus Building

The first hurdle in Alliance consensus building to limit differing national responses was agreement on heavy Soviet responsibility for the crackdown in Poland. This was accomplished with the European Community's (EC) communiqué of January 4, and the joint statement 2 days later summarizing talks between Chancellor Schmidt and President Reagan. Both documents made explicit reference to the Soviet role. The EC communiqué also put the Ten's endorsement on the three demands—for an end to martial law, release of detainees, and return to negotiations—that had initially been enunciated in the Alliance in a West German Bundestag Resolution of December 18, and were part of President Reagan's two late December statements.

The second hurdle was to assert the primacy of Alliance unity while members sought behind the scenes to resolve their different national

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perspectives. This was accomplished in the special declaration issued on January 11 by the first emergency NATO Foreign Ministers meeting in some years. In addition to holding further non-food credits to Poland in abeyance and temporarily suspending renegotiation of Polish debt due in 1982, this communiqué noted U.S. sanctions, pledged other members not to undercut them, and pledged member governments to take political and consider economic measures themselves appropriate to their own situations. And, however contentious debates have since been inside the Alliance over tactics, all members have sought to emphasize publicly and remember privately that only the Soviet Union would profit from a Polish crisis turned into an Alliance crisis.

A third hurdle developed in late January, when announcements of members' measures were not yet forthcoming, and there was strong pressure in the United States for a fresh tranche of U.S. sanctions. The United States agreed to wait if other members would move smartly on their own measures. These were announced by various governments over several weeks, beginning with the British on February 5. A review of these Allied responses (in Table 1) indicates that European measures are on the whole as comprehensive and severe as U.S. sanctions. An exception is U.S. restrictions on oil and gas equipment exports.

TABLE 1.—HIGHLIGHTS OF PUBLICLY ANNOUNCED ALLIANCE MEASURES IN POLISH CRISIS

1. United States (December 23 and 29):
   Poland:
   —suspended further government credits for Poland
   —postponed renegotiation of debt due in 1982
   —banned fishing in U.S. waters
   —put controls on high technology exports
   U.S.S.R.:
   —suspended air service to United States by Aeroflot
   —postponed talks for renewal of a grain agreement
   —tightened control of high-technology exports
   —denied export licenses for a range of equipment for the Soviet oil-and-natural-gas industry
   —suspended negotiations for a new maritime agreement
   —closed the Soviet Purchasing Commission in New York
   —cancellation or review of exchange programs on energy, science, and technology
2. EC (January 4):
   —Soviet pressure on Poland "noted with disapproval"
   —3 demands: (end to martial law, release of detainees, resume dialogue)
   —noted U.S. sanctions and pledged Ten not to undermine them
   —Ten to consider practical measures of their own
3. NATO Foreign Ministers (January 11):
   —"deplored sustained (Soviet) campaign" ag. Polish reform and Soviet "active support for subsequent systematic repression"
   —repeated 3 demands

Poland:
—future non-food credits in abeyance
—monitor Polish food distribution re possible increase humanitarian assistance
—negotiations on debt due in 1982 suspended

U.S.S.R.:
—stressed "significance of" U.S. measures and agreed not to undercut them
—political: each ally to independently identify "appropriate national possibilities" for measures ag. Soviet and Polish missions, exchange programs
—economic: "allies to examine future economic and commercial relations"; each ally to consider measures, e.g. exports, credits, maritime and air agreements, size commercial missions

4. European Council (January 26):
—instructed EEC to define "not undercutting" and look at possible Ten measures
—cancelled concessionary food sales to Poland and reallocated $35m food sales earmarked for Poland as EC credit for humanitarian assistance (first batch of January-April sales worth $100m to EC and additional $600m in members' subsidies)

5. United Kingdom (February 5) (reaffirmed UK support of EC and NATO measures):

Poland:
—diplomatic, commercial, and journalists' travel restrictions (partially eased 2/23 reciprocal with Poles' easing)
—will ensure relations with Polish military government reflect abnormal situation
—increased BBC Polish language broadcasts
—government to help coordinate private humanitarian assistance

U.S.S.R.:
—diplomatic and official travel restrictions
—reduced level of exchanges in medicine, environment, agricultural research, atomic energy
—tightened licensing ssytem for Soviet fishing
—to renegotiate Treaty on Merchant Navigation
—explore in OECD reclassification of exports to U.S.S.R., restrictions on imports

6. CSCE (February 9 ff.):
—Special Foreign Ministers' session of Madrid follow-on conference to denounce Polish martial law violations of Helsinki Final Act

7. Japan (February 18, 23):

Poland:
—reciprocal restrictions on diplomatic movement
—suspended government sponsored trade credits
—support suspension of rescheduling debt due in 1982
—contributed $500,000 to Red Cross relief

U.S.S.R.:
—suspended S & T exchange talks and annual working level trade talks
—refused Soviet request to enlarge trade office; end 1982 "cautious review" of renewal of Soviet Purchasing Commission credentials
—retained post-Afghanistan controls on official trade credits (case by case basis) and Cabinet level visits

8. The Federal Republic of Germany (February 16) (reaffirmed NATO suspension of credits for Poland and 1982 debt renegotiation):
Poland:
—restricted attendance at official functions
—stricter visitors' visa policy
—restricted diplomatic travel and size of official mission
U.S.S.R.:
—restricted diplomatic travel, size of diplomatic missions, and FRG participation in official occasions
—no visits by FRG officials from level of state secretary on up, no parliamentary delegations
—no new Soviet consulates
—suspended negotiations on scientific cooperation and inland shipping

9. Belgium (February 22) (reaffirmed NATO suspension of 1982 debt renegotiation):
Poland:
—to screen Polish visitors' visas carefully
—banned visits by Belgian ministers and senior civil servants
—suspended S & T accords
—cut off official support for Polish-Belgian cultural events
U.S.S.R.:
—to screen Soviet visitors' visas carefully
—banned visits by Belgian ministers and senior civil servants

10. Canada (February 23) (reaffirmed NATO suspension of credits for Poland and 1982 debt renegotiation):
Poland:
—suspended academic exchange program
—reciprocal restrictions on diplomats and officials
—restricted LOT flights to present twice weekly
—to support any ILO or U.N. human rights initiatives
—initial contribution of $500,000 to Red Cross humanitarian relief and $100,000 to Canadian Polish Congress relief
U.S.S.R.:
—to review proposals for high level official contacts
—postponed negotiations on scientific, education, and cultural exchanges
—delayed proposed Mixed Economic Commission meeting
—restricted Aeroflot flights to present twice weekly

11. Portugal (March 4):
Poland, U.S.S.R., and GDR:
—reduced size of official missions by 30 percent

12. U.N. Human Rights Commission (March 10):
—passed resolution directing Secretary General to conduct a study of the human rights situation in Poland and present a comprehensive report to the 1983 Commission session
13. EC (March 16):
U.S.S.R.:
—in the OECD, recommended transfer U.S.S.R. to Category 1 (developed country) export status from Category 2 preferential treatment
—suspended import of $100 million worth of manufactured goods from U.S.S.R. (from 20–35 percent EC imports category of non-raw materials worth ca $470m/yr)

G. The Pipeline Controversy

U.S. oil and gas equipment export restrictions led to an increasingly heated Alliance dispute in late February and early March over their specific application to the huge Siberian (Urengoy)—Western Europe natural gas pipeline project.

The Urengoy pipeline is a $15 billion project that would begin delivery in the mid-1980's of natural gas to seven West European countries—the FRG, France, Italy, the Netherlands, Belgium, Austria, and Switzerland. The Soviet supplier share of West European natural gas would increase to about 15–20 percent. (See Table 2). In the late 1980's it is estimated the Soviets would earn some $7 billion worth of hard currency annually from these natural gas exports, partially filling in for expected declines in hard currency earnings from oil, and providing exchange needed for imports of grain and industrial goods.

TABLE 2

GAS SUPPLY SOURCES

	1980 (percent)	1990 (percent)
West Germany:		
Domestic	30.1	22.3
Netherlands	36.6	15.7
Soviet Union	17.5	25.0
Norway	15.7	22.3
Middle East		7.8
Africa		6.5
France:		
Domestic	27.5	8.0
Netherlands	37.6	8.0
Algeria	7.8	23.0
Soviet Union	13.3	32.0
Norway	9.1	13.0
West Germany	4.0	
West Africa		16.0
Italy:		
Domestic	46.8	17.0
Netherlands	24.3	13.6
Algeria		27.2
Soviet Union	23.7	35.2
Libya	4.9	5.6

PRIMARY ENERGY BALANCE

	1980 (percent)	1990 (percent)
West Germany:		
Coal	17.8	21.6
Oil	52.3	38.0
Lignite	9.2	8.7
Natural gas	15.5	16.7
Nuclear	3.0	12.1
Hydro	1.7	1.4
Others	.5	1.4
France:		
Coal	18.0	17.2
Oil	55.9	32.3
Gas	12.0	17.2
Renewables	1.5	6.0
Hydro	8.2	6.4
Nuclear	4.3	28.4
Italy:		
Oil	67.1	51.7
Solid fuels	8.5	18.0
Natural gas	15.6	18.5
Primary electricity	8.7	10.8

Source: The London Financial Times, Feb. 2, 1982.

Long delayed in negotiation as the parties haggled over terms, the first contracts were signed beginning last fall for a one pipeline version of the project. Gas is now unlikely to flow before 1986. Throughout the several years of negotiations of this unprecedentedly large East-West project, the United States has had reservations about the

psychological and political pressures likely to be implicit on West Europeans with any substantial degree of natural gas dependence on the Soviets, even if the Soviets never actually threaten to, or move to, curtail supplies. The Reagan Administration has argued long and forcefully against the project, both on psychological and actual dependency grounds, and more recently on the level of West European contribution to Soviet hard currency earnings.

At the July 1981 Ottawa Economic Summit, President Reagan promised U.S. alternative energy suggestions, and the Europeans promised to consider these. European governments now say that no concrete U.S. alternatives have been forthcoming, only very generalized and long-range discussion. Europeans feel they need alternatives to undependable OPEC oil now, have driven an excellent price bargain with the Soviets, have kept their level of dependence on Soviet gas supply low enough to avoid psychological or actual pressure, and have made contingency supply arrangements to weather any future periods of tension. They further feel that the United States is using the Polish crisis as one more stick to beat the pipeline. Neither the current relative oil glut, nor possible future Norwegian natural gas production increases, strike them as significant counterarguments. It is the consensus of informed European observers that European governments are determined to proceed with the pipeline, and that even a total U.S. embargo against the Soviet Union—grain and everything else—would probably not now stop the pipeline. In any case, a U.S. effort absent grain stands no chance.

The sanctions against export of oil and gas related equipment announced by the United States December 29 affect the 125 large 25-megawatt (mgw) turbines (worth $300 million) to be built by John Brown of the UK, AEG Kanis of the FRG, and Nuovo Pignone of Italy for the heavy duty compressors that will pump natural gas through the pipeline. These turbines use GE licensed rotor assemblies (bearings, shafts, and other moving parts) worth $175 million. Approximately 25 turbines using GE rotor sets have already been built and are now in Western Europe. The three European companies have contracts with GE and with the Soviets that predate the December change in U.S. export policy. At issue has been whether the United States will try to prohibit re-export to the U.S.S.R. of the 25 turbines already in Western Europe by extra-territorial application of the new U.S. restrictions, as well as whether the United States will enforce the new December rules retroactively to existing GE contracts. On one side of the argument is denial of this U.S. oil and gas extraction technology to the Soviets, particularly for a project the United States feels is a potential threat to Western security. On the other side of the argument is a thicket of legal questions of whether the United States can make extraterritorial and retroactive application stick, and the reliability of U.S. suppliers in making good on contracts previously entered into, with implications for future loss of important international markets.

Furthermore, most experts believe that the most stringent U.S. export control policy will only delay construction of the pipeline by a year or so, not stop it. One French firm, Alsthom Atlantique, owns a license to produce the GE type rotors. It does not have the production capacity to supply rotors for all 125 pipeline turbines, but could over 2 to 3 years acquire it. The Soviets could meanwhile get started in

tried and true Soviet industrial jerry-rig fashion, by hooking together a number of less powerful Soviet 10 mgw turbines for each compressor, or using available slack to increase pumping volume by a third in existing pipelines. Additionally, Rolls Royce makes a less rugged large turbine which was not the Soviets' first choice because it hasn't yet been tested in severe Siberian-type conditions. The U.S. policy issue, therefore, has increasingly become whether a year or so delay in the pipeline is worth a major Alliance row, as well as the blow to U.S. supplier reliability.

H. Individual Country's Views On The Pipeline

The West Germans' reasons for going ahead include: diversification of energy supply sources and U.S. failure to offer viable alternatives, a good price deal with the Soviets on the gas, the employment and export earnings represented by some 2.5–3 billion DM worth of pipeline equipment, including the pipe itself and compressors, and the staunch belief that trade with the east is an important part of the network of relationships they must have to preserve the opportunity to erode the practical barriers of a divided nation.

The FRG's contract, signed last November, is for about 360 billion cu.m. of natural gas a year. Ruhrgas, the West German importing company, negotiated the price down from about $5.50 per million btu to $4.70. (Over its 25-year life, the contract provides for a once-a-year price increase keyed to an average of prevailing market energy prices.) The FRG is not now particularly concerned about a year or so delay in Siberian pipeline deliveries, because present world oil sufficiency and soft prices do not make it immediately attractive for additional West German homeowners or businesses to pay to convert to natural gas. The West German turbine supplier, AEG Kanis, is in severe economic difficulties and could face bankruptcy without the pipeline contract. Mannesman, with the French company Creusot-Loire one of the two general contractors for the pipeline, will supply the large diameter pipe as well, and its Muhlheim Ruhr plant is almost totally dependent on Soviet orders. Mannesman also owns 7 percent of Ruhrgas.

With respect to supply dependence, the West German government has stated a requirement that all essential gas needs be suppliable without Soviet gas, from either Dutch or domestic gas sources. The present West German-Dutch contract runs until 2005, and provides for West Germany to buy a minimum of 20 billion cu.ms. a year and a maximum of 40 billion. Whatever portion of the 40 billion the FRG does not buy in any given year can be added on to future purchase ceilings, including beyond the life of the contract. (There is considerable concern in Dutch and international oil and gas circles about the depletion of the Dutch natural gas fields, but the Dutch are keeping the rest of the giant Slochteren field as a reserve.) The West German government has also required that the FRG's 2.5 billion cu.m. domestic storage capacity be tripled to 7.5 billion, or about 12 percent of a year's natural gas consumption, by the time Soviet natural gas starts flowing.

West Germans have to date tended to view U.S. arguments against contributing to Soviet hard currency earnings in the late 1980's

through natural gas purchases as a fundamental attack on their eastern policy, and hypocritical as well, given that anticipated Soviet hard currency earnings from Siberian natural gas are close to current Soviet hard currency outlays for U.S. grain.

French reasons for signing a Siberian pipeline contract for about 280 billion cu.ms. of natural gas a year with the Soviets last January 23, include an attractive price (believed to be comparable to the FRG's), long-term energy source and supply diversification, and French equipment exports. France's Creusot-Loire is one of the two pipeline general contractors. The French feel their reputation for commitment to independence in all things makes them far less vulnerable to Soviet pressure than others, especially the West Germans. They also prefer not to identify totally with either superpower, a traditional national stance in some respects intensified philosophically by Mitterrand socialism's goal of implementing a successful Western socialist state. Believing their degree of energy dependence on the Soviets not dangerous, and convinced that Soviet behavior is not very influenceable, the French consider it easy to exaggerate trade leverage, and that trade is therefore desirable for its commercial dividends.

The French have had another point to make on the U.S. argument against contributing to Soviet hard currency earnings. They want Soviet hard currency available to buy French industrial exports. They are less sanguine than the West Germans about Dutch natural gas as a strategic reserve, partly because their own contract with the Dutch runs out in 1993, more than a decade before the FRG's. Unlike the FRG, the French were recently able to conclude a natural gas agreement with Algeria, largely because they were willing to agree to a French Government subsidized price premium, for reasons of over-all developing world policy and a desire to maintain a special relationship with Algeria.

Significant elements of the French public and media have sharply criticized the French-Soviet natural gas deal, particularly its timing on the heels of Soviet repression in Poland. The Mitterrand government was somewhat taken aback by the strength of the criticism, and some government officials acknowledge that, while trade leverage may not be very effective with the Soviets, there is an important moral argument against launching a major trade deal in the immediate wake of Soviet interference with a neighbor and ally. The timing evidently resulted from French efforts to play off the Soviet and Algerian negotiations to obtain the best price in each, and it seems likely the French Government will simply allow public protests to die down.

The British do not now need Soviet natural gas, but they do want the Siberian pipeline export orders, especially the John Brown Company's share of 21 of the 125 turbines. Some 2,000 jobs on the severely depressed Clydebank outside of Glasgow are at stake. The Thatcher government remains strongly opposed to sanctions affecting existing contracts.

The Italian firm SNAM's gas subsidiary of ENI is believed to have reached agreement in principal with the Soviets in late January for about 8 billion cu.ms. of natural gas a year at a price comparable to the French and West Germans'. But the Italian Government has meanwhile announced a pause for reflection on Italian participation, partly for reasons of protest of Soviet behavior, partly to resolve their own

internal debate on dependence, partly to try to induce some further sweetening of elements of the deal.

The Dutch have been interested in Siberian natural gas for reasons of long-term diversification. In January, however, they decided to halve their requirement from 4 to 2 billion cu.ms. a year, and to delay their own negotiations.

The Belgians are interested in as much as 175 billion cu.ms. of Siberian natural gas a year. No official date has been set for negotiations, but the Belgians expect to proceed now that the West Germans and French have signed.

I. Credits and Sensitive Technology

Meanwhile, the Reagan Administration has apparently decided to postpone further pipeline related action pending additional consultations with Europeans, and to focus more intensely on the area of credit terms for East-West trade, as well as the long-term control of transfer of sensitive technology. There was audible initial relief in Europe, tempered with fear that the acrimonious pipeline disagreement may trigger U.S. Congressional moves to withdraw troops from Europe over broader political and defense frustrations. A team headed by Under Secretary of State James Buckley visited European capitals in mid-March to discuss a more comprehensive and longer term approach to East-West trade, especially credit terms.

Considerable West European-Soviet trade has been significantly subsidized by government credits and guarantees, as well as by Western banks offering soft credit terms. Indeed, only last January the French subsidized $140 million worth of credit for Soviet purchase of French equipment for the Siberian pipeline. With the collapse in December 1974 of the United States-Soviet trade agreement over U.S. required emigration provisions, the United States has not been involved in official credits for the U.S.S.R., and many Americans consider it outrageous that the West should continue to subsidize Soviet trade and economic development under conditions of relentless Soviet military buildup directed against the West, and irresponsible Soviet international behavior.

A U.S.-led effort to toughen future credit terms for the Soviet Union could pinch Soviet efforts to negotiate new terms for some $14 billion worth of short-term debt coming due this year, as well as long-term resource and infrastructure development. Such an effort would avoid objections to tampering with existing commercial contracts. But it will not have smooth going in Europe. The West Germans, for example, would be nervous at the implicit undermining of commercial relations in general with the East and would balk at measures reducing trade volume. The French would resist loss of subsidized government credit boosts to their traditionally more costly export goods.

CHAPTER 3

OUT OF AREA ISSUES

NATO's formal mandate does not encompass defending the vital interests of various of its member states outside of Europe. Yet these interests inevitably affect Alliance commitments and relationships significantly. NATO has, moreover, had difficulty in dealing within the NATO structure itself with situations clearly of common concern to the Alliance as an Alliance, as in its members' degree of dependence on oil from OPEC orchestrated supply and price from the unstable Persian Gulf region.

For a variety of reasons the Alliance has historically not dealt with most out of area threats. The United States as a global power felt capable of folding NATO security interests into its own commitments elsewhere, and resisted bringing the colonial commitments of Europe under the NATO umbrella. NATO members without associations of empire—the Nordics for instance—have also been sensitive to overtones of colonialism in NATO. For reasons of mentality as well as constitution, the FRG has generally been Europe bound. Perhaps most important of all, there have been more than enough security challenges in Europe proper to absorb NATO energies and resources.

A. OIL, IRAN, AND AFGHANISTAN

Europe, and to a lesser degree the United States, are significantly dependent upon Persian Gulf oil. The region had been of growing concern to NATO for defense materiel reasons directly related to the NATO mission since the 1973–74 Arab-Israeli War and ensuing Arab oil boycott. Out of area NATO security force posture implications were driven home even more sharply in 1979: the year of the fall of the Shah of Iran, debilitating cost increases in OPEC oil, and the December Soviet invasion of Afghanistan.

Revolutionary Iran and occupied Afghanistan had particular impact on the United States. The fall of the Shah swept away 20 years worth of U.S. stake in the Shah's Iran. With the taking of U.S. hostages in Teheran on November 4, 1979, immense American emotional burdens were loaded on top of existing security interests, driving U.S. quests for action and demands on Alliance solidarity. The remains of détente went utterly stale for Americans after the Soviet invasion of Afghanistan, which transformed increasing American misgivings with developments in Angola, Ethiopia, the Yemens, and Cuban proxies in Africa into the end of lingering American hopes for a non-confrontational relationship with the U.S.S.R. in matters affecting the developing world.

Europeans were greatly concerned about the implications of revolutionary Iran—pan-Islamic fundamentalism as well as oil supply—and sympathetic to the American hostage trauma. But their reaction was

less emotional than the U.S. reaction. And most Europeans saw the route of a post-Afghanistan Soviet Union, through a weakened Iran or Pakistan, to oil and warm water ports as much less direct or directly than did many in the United States. Moreover, since détente for the Europeans had always largely been a European matter, they found the implications of aggression in remote Afghanistan for continuing cooperation with the East in Europe disturbing, but not necessarily fatal. Lengthy, and ultimately not very productive, maneuvering on Alliance sanctions against the Soviet Union over Afghanistan followed.

In July 1981, Foreign Secretary Lord Carrington, acting in the capacity of the British 6-month term as the head of the European Community (EC), presented to the Soviets an initiative of the Ten on Afghanistan. It called for a two-stage settlement. In the first, the five permanent members of the U.N. Security Council would join India, Iran, and Pakistan to consider guarantees for Afghanistan's independence and realignment. In the second, "representatives of the Afghan people" would meet to consider a government and other issues. The Soviets denounced the initiative publicly, and insisted that the Soviet-installed Babrak Kamal government in Kabul be accepted as legitimate, and that Soviet troops in Afghanistan not be considered a foreign intervention. The Soviets did not technically reject the EC's plan, however, and it exists as a basis for modification at a more propitious negotiating moment.

The EC Ten originated as well the Afghanistan Day project to commemorate Afghans' struggle against subjugation on March 21, 1982. The United States and many other countries subsequently joined in this project.

B. New Defense Planning in Southwest Asia

The United States is currently constructing the third security framework for the Persian Gulf within two decades, the first two having failed with the British withdrawal during the late 1960's and the fall of the Shah. Under the new framework, security of the region would for the first time in postwar history rely on United States combat units.

The U.S. plan has included the following security measures:

—creation of a Rapid Deployment Force, including army, navy, and air assets, which is now oriented toward the Persian Gulf and which will serve as the core of a new U.S. command;

—formation of an Indian Ocean naval task force which might include from one to three carrier battle groups and Marine Amphibious forces;

—negotiation of formal and informal facility access arrangements with Oman, Kenya, Somalia, and Egypt;

—closer security assistance relationships with major countries in the region, including Saudi Arabia, Pakistan, Turkey, and Egypt; and

—deployment of U.S. Air Force assets to the region, including AWACS and F–15 deployment to Saudi Arabia.

There is some U.S. Congressional opposition both to the proposed size of the permanent Command in Southwest Asia, and to the exclusive tying of the RDF to the Middle East-Persian Gulf-Southwest Asia area. European governments share both reservations. In general, U.S. planning for Southwest Asian contingencies set off a series of

trans-Atlantic discussions about the nature of the threat in Southwest Asia, NATO's institutional role, and contributions that Europe can make to support U.S. activities in the Gulf. And, with the onset of the Iran-Iraq War in September 1980, the Persian Gulf security threat sharpened in European, as well as United States, perceptions. At times the trans-Atlantic dialogue has brought added tension to NATO, as U.S. officials display their dissatisfaction over Europe's willingness to participate in defense of the Persian Gulf area and as European officials question fundamental assumptions of U.S. policy.

In these discussions, Europeans tend to stress regional political and economic aspects of Southwest Asian problems. They find fault with U.S. efforts to develop a strategic consensus which focuses exclusively on the Soviet threat and which finds primarily military solutions to the problem. They support the RDF concept as a deterrent to Soviet adventurism, but they are eager to find more comprehensive solutions. For example, FRG Defense Minister Hans Apel recently stressed that the Western political concept for the region "must combine political, economic, and military aspects."

Europeans emphasize the fundemental importance of keeping any U.S. military presence in this politically ultra-sensitive region as small and unobtrusive as possible. British Brigadier Kenneth Hunt (Ret.) recently put it this way: "Soon you will build a PX there, and then you will be thrown out." Europeans stress maximum assistance and minimum presence as the best security policy route for the United States. U.S. decision-makers appear increasingly sensitive to these concerns, having recently downgraded the concept of a strategic consensus and shown caution in U.S. force deployments in the region.

C. The European Concept of Division of Labor

Allied political sensitivities prohibit formal extension of NATO boundaries, and political, economic, and constitutional factors severely limit the ability of a number of NATO countries to deploy combat forces outside the NATO area. For example, the Federal Republic's constitution prohibits the use of the Bundeswehr outside of NATO boundaries. European leaders also continue to be concerned about the institutional role of NATO in the out-of-area problem. In February 1982, Apel told the annual Wehrkunde Conference in Munich that "expanding the NATO area is out of the question." Similarly, Secretary General Luns told the Committee staff that extending NATO would "dangerously weaken" it. The United States however, has no intention of formally "expanding the NATO area", but rather seeks greater European support for its own concept of division of labor.

The Federal Republic of Germany moved quickly in early 1980 to articulate the European framework of cooperation with the United States in Southwest Asia. In February of that year, Foreign Minister Genscher told *Die Zeit* that a division of labor was necessary to meet this challenge. He stated:

> "There are common interest in this matter, but not all members are equally fit for the same task. There are members that, because of their tradition, history and engagement are more fit than the FRG to safeguard the outer framework conditions. * * * It is much rather a joint and

coordinated strategy that is involved where every partner will take on the task he is best suited for. Division of labor is necessary."

For Germany, division of labor meant doing more within NATO and providing more assistance to key countries in the region, such as Turkey and Pakistan.

The United States soon began to explore the details of the division of labor concept. The Pentagon decided that the Allied response to Afghanistan required a military component. In April 1980, Undersecretary of Defense Komer asked NATO to accelerate its Long-Term Defense Program and received a favorable European response. Progress on Phase I of the accelerated program has been good, but the longer term Phase II program remains to be fully implemented. In February of 1981, the new Administration followed suit with a strongly worded statement by Deputy Defense Secretary Carlucci to that year's Wehrkunde Conference. Carlucci called for "all concerned" to share the new burden of the Persian Gulf and suggested strengthening of European force deployments to Southwest Asia.

NATO responded in May 1981, with Ministerial guidance that expanded upon the concept of division of labor. The May 15 NATO Ministerial communiqué included the following:

—a recognition that the situation outside of NATO's boundaries may threaten the vital interest of the West;

—a call for consultations when any ally is considering out of area deployments;

—a directive to the appropriate NATO bodies to examine the effect of such deployments on Alliance defense capabilities;

—a recognition that common objectives may require members of NATO to facilitate out of area deployments of others in support of vital interests of all members;

—a recognition that nations not responding to conditions outside NATO boundaries may need to compensate for changes in force availability by assuming additional tasks themselves.

For the first time, NATO officially recognized the need for its members to help facilitate out of area deployments of other members and to compensate for any gaps in NATO's force structure that might result from such deployments.

The NATO Ministerial Communiqué was followed in October 1981, by an address to the NATO Permanent Representatives in which Under Secretary of Defense Ikle specifically set forth six areas in which Europeans could cooperate in the out of area problem. Those suggested areas of cooperation included both efforts within the Southwest Asia region and efforts within NATO.

D. Cooperation in Southwest Asia

There is general agreement that the question of cooperation within Southwest Asia and facilitations of U.S. RDF deployments are probably best handled on a bilateral basis. There has been significantly more success in this area than is commonly granted, particularly with the French and British.

France maintains a relatively large permanent naval presence in the Indian Ocean region, with 12–20 combat vessels operating out of

Djibouti and Mayotte, which is often a larger combat fleet than that of the Soviets. The French Indian Ocean fleet includes a destroyer, frigates, patrol boats, a mine sweeping capability, and occasionally an aircraft carrier. The French force retains a good working relationship with Djibouti, where 4,000 French are stationed. The French also have several thousand men stationed at Reunion. France has a limited tactical air capability in the region, but does operate maritime patrol aircraft.

Britain has a less visible military presence in the region, but nonetheless has forces in key positions. Britain has hundreds of "military loan service personnel" and several thousand civilians training and providing defense services in Saudi Arabia, Kuwait, and Oman. The navy and air force of Oman that patrol the strategic straits of Hormuz remain heavily dependent upon secunded British military personnel. In addition, Britain has maintained a naval presence near or in the Persian Gulf since the beginning of the Iran-Iraq war. A naval task group steams through the Indian Ocean on annual exercises. The July 1980 British defense white paper calls for an increase in the number and profile of out of area deployments, but recent naval force reductions brought on by budget austerity may affect those plans. Britain also maintains a small naval support force at Diego Garcia and, more importantly, allows the United States to operate from that key facility.

Other NATO countries do not deploy their armed forces in Southwest Asia, except occasional naval visits by the West Germans, Dutch, and Italians.

In addition to their peacetime presence in Southwest Asia, both France and Britain are developing quick reaction forces that could be used in the region if needed. In 1980, France announced the formation of a new French Foreign Legion brigade with light armor and parachute capability. France has deployed small intervention forces on several occasions in Africa during the past few years. Britain also recently has reinforced a quick reaction brigade which now has a parachute battalion and earmarked air and naval support. The British further have a highly trained Special Air Service commando group that has seen considerable combat action during the past decade. Both French and British quick reaction forces still have air lift problems, but more C–130 and Transall aircraft are being purchased. (In addition, Belgium maintains a small intervention force that has deployed to Zaire, and Turkey has half a million under arms that are quite near Southwest Asia.) Both the British and French forces are relatively small compared to the U.S. Rapid Deployment Force, and would be ineffective except symbolically against a Soviet threat. They may be extremely useful, however, in local conflicts, especially if RDF use is politically unacceptable in the region.

The division of labor concept also calls for increased European assistance to key countries like Turkey and Pakistan. There have indeed been increases in European aid to these two countries since 1979, but not commensurate with corresponding U.S. activity in the region. The table shows West German, French, and British economic assistance to Turkey and Pakistan from 1979 to 1981. West German aid is generally larger than French and British aid combined.

TABLE 3.—WEST GERMAN, FRENCH, AND BRITISH ECONOMIC AID[1]

[In millions of dollars]

	1979	1980	1981
To Turkey	300	430	325
To Pakistan	52	190	240

[1] U.S. Government statistics.

Little military assistance is provided to these two countries by Europe with the exception of West German aid to Turkey, which could average $100 million annually over the next 3 years.

In addition to a peacetime presence in the region, development of larger quick reaction force, and increased military and economic aid, the United States has also been concerned about better en route access for the RDF as part of its effort to strengthen Western defenses in Southwest Asia. A United States force generally requires two refueling stops on its way to the Persian Gulf: one on the west coast of Europe and another in the eastern Mediterranean. In case of a serious Soviet threat in the Persian Gulf, U.S. planners assume the support of virtually all NATO countries. Because of the U.S. history of airlift support for Israel, however, it may be difficult for the United States to get firm prior approval even for all RDF operations.

E. Compensation For Diversion Of U.S. Forces

The United States may have difficulty in convincing other NATO countries to provide significant compensation for the potential diversion of U.S. forces to Southwest Asia. The United States has made it clear that the Rapid Deployment Force will not require a major peacetime diversion of forces, and stands by NATO rapid reenforcement plans to add six U.S. divisions within 10 days of ordering a mobilization. European officials remain nervous, however, about the potential for competing needs for available U.S. reserves, and FRG Defense Minister Apel felt compelled last February to remind his Wehrkunde Conference audience that RDF activities "must not jeopardize the balance of forces in Europe."

U.S. officials have asked Europeans to plan for compensation measures such as emergency civil airlift support, enhanced host nation support, and greater war reserve stockpiling. The European response has thus far been to ask for details of U.S. contingency plans, but most observers are not sanguine that European countries will be able to overcome high interest rates and austerity measures to increase the amount spent on defense.

F. The Arab-Israeli Problem

The Arab-Israeli problem cuts across other regional enmities and security factors. The Reagan Administration has been criticized in its first year by some in the United States and many in Europe for placing too much emphasis on building a regional security consensus against the Soviet threat, and too little urgency—at least until the Lebanon crisis of summer 1981—on pursuing the Arab-Israeli peace

process. On the Middle East-Persian Gulf area, Europeans generally feel that, if the West does well on the indigenous social and economic problems of the developing world, the scope for destabilizing activities by the Soviets and Soviet proxies is much reduced.

The Europeans view the EC's initiative launched by the Venice Declaration of 1979 as parallel to U.S. Arab-Israel peace efforts through the Camp David process, not separate from or in conflict with these. The Venice Declaration calls for recognition by all parties of justice for all (i.e., the Palestinians) as well as security for all (the Israelis). The Ten's Middle East peace initiative is muted of late, awaiting completion of implementation of the Sinai Accords this April 25 and a discernible trend in the West Bank autonomy talks. Europeans recognize that serious United States and Israeli involvement is requisite for headway on the Palestinian aspect of the peace process.

Italy led the way among European nations to volunteer troops to the Sinai peacekeeping force after completion this April of Israel's withdrawal. The British, French, and Dutch will also contribute troops. European participation was forthcoming despite various European reservations about the long-term viability of the Camp David process, and is crucial to giving the force the multinational composition called for by the Egyptian-Israeli Treaty. French, as well as Nicaraguans, are also among the 5,000 United National International Force troops in Lebanon.

Both France and the FRG have sensitively balanced relations with Israel and Saudi Arabia. Sharp opposition in the January 1981 West German Bundestag debate of proposed arms sales to Saudi Arabia, including Leopard II tanks, led the Schmidt government to postpone the whole idea indefinitely. But the Chancellor's TV report in West Germany on his April 1981 visit to Saudi Arabia invoked Israeli wrath by its perceived implication that Palestinians' homelessness was comparable to Germany's divided state, and by existing Palestinian recognition of Israel's security.

Having longstanding close personal and political ties to Israel, President Mitterrand has sought to give a more even-handed cast to French policy than the de Gaulle to Giscard stance favoring the Arabs. Mitterrand visited Saudi Arabia last year. This March he became the first President of France and first European head of state to visit Israel, after, however, two postponements over tensions arising between the two governments over Israel's raid on Iraq's nuclear facility and bombing of PLO offices in Beirut last year. Mitterrand sought in his remarks and movements in Israel to encourage the Israelis to stand somewhat less aloof from the Palestinian aspect of peace negotiations.

G. Central America and the Caribbean

The first foreign policy issues to confront the new Administration were on policy toward El Salvador and Cuban involvement in the region. In Europe, there has been a rising chorus of criticism of Administration priorities and tactics in Central America. Large segments of the European public view El Salvador and Nicaragua as "dirty wars", with the United States supporting the intransigent oligarchs and dictators against the idealistic revolutionaries. As in the United States, the public relations advantage seems to lie with the

critics of U.S. policies. For example, while many Americans praised the El Salvadoran March 28 election turnout as a large vote for peace, many Europeans were more cynical and argued that El Salvadorans voted because their I.D. cards had to be stamped to avoid right wing retribution.

One strain of European public opinion tends to vent frustration with the ills of the world and with Europe's own intractable social and economic problems by attacking both superpowers' policies and actions as similarly reprehensible. Elements of this tendency equate U.S. actions in its Caribbean back yard with Soviet actions in its Polish back yard.

Other, less vocal segments of European opinion are sympathetic to U.S. concern with a serious and unstable security situation on its doorstep and recognize the potential threat to U.S. interests in the region. Their advice to the United States for dealing with European public opinion is to mute public rhetoric on external subversion; to continue to act to counter such subversion (though they are short on suggestions as to how); and to emphasize more forcefully the United States' commitment to dealing with the underlying economic and social problems.

The Thatcher government in Britain claims no special expertise, and no special stake in Central America. London has no official view of the situation in El Salvador and at present no embassy there. The British play a limited (and declining) security and economic assistance role in certain of the Caribbean Basin islands with ties to the Commonwealth. When Lord Carrington was asked in early January 1982 what Britan would say to a U.S. request for Alliance support in a drastic U.S. action in the Caribbean, such as a blockade of Cuba, he demurred, replying that it was understandable that the United States should be worried about the Caribbean, a region of particular interest to the United States. He added that Americans need to have the same understanding of European special interests, such as East-West trade and proximity to the Soviet Union.

Early in 1981, the ruling Social Democratic Party (SPD) of the Federal Republic of Germany initiated contacts with elements of the guerrrillas in El Salvador, as well as with the Duarte government. There is widespread criticism of U.S. policies at the SPD grass roots as among broader segments of the West German public. Recently, however, there have been some expressions of concern by both SPD and the Socialist International over the direction in which the Nicaraguan Sandinista government appears to be moving. The SPD–FDP coalition government (as distinct from the SPD party) has, meanwhile, been relatively quiet about U.S. policy in Central America. There has been slow, cautious official recognition of Soviet complicity in distant guerrilla wars. West German Foreign Minister Hans-Dietrich Genscher was quoted recently as saying, "I think there can be no doubt that the international commitments of the Soviet Union extend far beyond their capability of economic assistance."

Important elements of the Mitterrand government in France, as well as segments of the French press and public, have been openly critical of U.S. policy in Central America. In August 1981, a joint French-Mexican declaration before the United Nations urged recognition of Salvador's FDR/FMLN as a "legitimate political force". Late in the year, France concluded a $15.8 million arms sale to Nicara-

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gua, including 100 rocket launchers and 7,000 air-to-ground rockets. One factor in French Socialist involvement with Central America is the determination by the Mitterrand government to make socialism succeed as a humane and viable third alternative to communism and capitalism. Skeptics also suggest that the Central American issue is one on which French socialists can take a prominent position, since France has very little at stake in the region. (French ties have traditionally been to the Eastern Caribbean.) The government can balance its strong advocacy of Socialist International policy on Central America against a more accommodating posture within the Alliance on other issues.

Against this environment of criticism of its policies in Central America, the Reagan Administration is seeking to launch a Caribbean Basin policy designed to deal constructively with the problems of the wider region. The Caribbean Basin Initiative (CBI) is a complex package of trade, investment, and AID proposals to facilitate job-creating economic activities and growth in the Caribbean Basin countries. The CBI encourages a multilateral approach to economic assistance in order to improve the region's economic performance and better enable governments to deal with pressing social problems. It is premised on the belief that greater economic stability and security of market access will help create conditions conducive to greater political development and stability in the Caribbean Basin, including in El Salvador and its Central American neighbors. The Administration has consulted on the CBI with the Allies in the context of the European Community.

Initial European government and press reaction to the Reagan Administration's Caribbean Initiative has been reasonably positive. The Administration has consulted periodically with potential European donors on the issues. Violence and U.S. security policy, however, generally get the lion's share of day-to-day attention in Europe as well as the United States. There is very strong European support for the offer of Mexican President Lopez Portillo to use his good offices in mediating the El Salvador war.

H. Northern and Sub-Sahara Africa

The Europeans have been involved in Africa much longer than either the United States or the Soviet Union. European economic involvement in Africa is greater than that of the United States or the U.S.S.R. Political and cultural ties with post-independence Africa remain strong.

The United States and Europe share interests in assuring access to vital minerals, promoting economic development and stability, and preventing Soviet gains in Africa, but they often differ as to the best approach for achieving these ends. Europeans do not necessarily perceive their Africa policies as conflicting with those of the United States, but there are differences in emphasis. While recognizing Soviet desires for making inroads in Africa, European attention to the economic development needs of African Third-World countries is seen as the most effective long-term deterrent against Soviet penetration. U.S. policy is seen as placing economic interests in a secondary role and giving more immediate emphasis on strategic concerns to counter the perceived

Soviet threat in Africa. The Mitterrand government's strong developing world orientation is, in practice, directed principally toward Africa. The French presence and interest in Africa are greater than those of any other external power.

With regard to Marxist-oriented African governments (Angola, Ethiopia, Mozambique), Europeans have chosen to work more closely with these governments to nurture a pro-West orientation. Allies' views of Libyan President Qadhafi and how to deal with him range widely. The U.S. approach is isolation, with periodic confrontation over specific episodes and punitive action where possible. Some in the new French government take the view that Qadhafi is a mischievous and potentially destabilizing influence, but capable of adopting relatively responsible behavior in connection with his perceived deep desire to achieve leadership status among African governments—as OAU President beginning this summer—having failed in attempts at Arab and Moslem leadership. And there are lots of European views in between these two approaches over how dangerous Qadhafi is and how best to limit his influence.

Perhaps the greatest allied success in Africa in recent years was the Lancaster House settlement which provided a relatively peaceful transition from minority white to majority black rule in Zimbabwe. Britain now provides military aid which has helped the fusion of three rebel armies into one relatively stable force, while United States' economic assistance enhances political stability there.

The Allied Contact Group on Namibian independence—Britain, France, the United States, West Germany, and Canada—is trying to find a similarly peaceful settlement for Namibia. It is a reasonably harmonious enterprise, but problems could arise if progress slows down. The Allies have accepted the need for the United States to play the leading role, but there is potential for Allied falling out absent momentum, and over the issue of withdrawal of Cuban troops from neighboring Angola simultaneous with a solution in Namibia.

Chapter 4

ECONOMIC TENSIONS AMONG TRADING PARTNERS

A. A History of Economic Turbulence

The Atlantic Alliance is no stranger to economic turbulence. The North Atlantic Treaty was signed while the economies of the European countries were still struggling with the devastation left by World War II. The Alliance was born not with a sense of economic optimism, but from an appreciation for the common menace posed by an agressive, militarily-powerful Soviet Union. The increased security provided by NATO's joint defense commitments and preparations became in turn, an important element in the rapid economic recovery of Europe in the 1950's and in its continuing prosperity.

Current economic tensions between NATO allies have numerous precedents in the 33-year history of the Alliance. The 1960's provide an instructive example. Trans-Atlantic exchange rates and interest rates were points of contention between the United States and European allies. The United Kingdom and United States in the early 1960's sought to maintain fixed exchange rates in the face of repeated balance of payments deficits. The British and the Americans saw the deficits as caused in part by excessively tight monetary and fiscal policies in the German Federal Republic and other continental countries. The perspective from the Continent was that the United States and United Kingdom were following dangerously loose fiscal and monetary policies, and, by failing to correct their payments deficits, were forcing Germany, France, Belgium, the Netherlands and other countries to import inflation. Open discussion of exchange rate adjustment was avoided, but behind closed doors some pointed to the German mark, Dutch guilder and French franc as candidates for revaluation upward, and others said devaluation of the British pound sterling and U.S. dollar were inevitable. In the United States Congress some Members suggested reducing U.S. armed forces stationed in Germany as a means to help reduce the balance of payments burden on the United States. At the end of the decade economic policies had diverged to the extent that the exchange rate system was no longer viable. President Nixon set the dollar free to float in August 1971 and imposed a 10 percent surcharge on imports. These measures shocked Europe, and it was months before a compromise could be worked out.

Trade has also been a highly contentious matter at various times in the history of the Alliance. Butter, cheese, and other milk products are subsidized and protected in nearly all member countries. Trade in these products is barely tolerated, except in periods of significant domestic shortages, and disputes are endless. The "chicken war of 1963" is well remembered on both sides of the Atlantic, too. U.S.

poultry sales to Europe were hard hit by one of the earliest decisions comprising the European Community's Common Agricultural Policy (CAP). Variable duties on imported poultry products were announced in July 1962 and U.S. sales to Europe fell drastically thereafter. Negotiations between the United States and Western European countries failed to resolve the issue, and at the end of 1963 President Johnson imposed new import duties on trucks, brandy, potato starch and dextrine. U.S. producers have never regained duty-free access to the European market.

Broader questions of competitive equality have been raised before as well. Jean-Jacques Servan-Schreiber, a French journalist, published a best selling book in 1967 entitled "*Le Défi Americain*" (*The American Challenge*). Servan-Schreiber's thesis was that American business investments in Europe were growing so rapidly, and were linked so thoroughly and perniciously to American wealth and power, that Europe could not develop its own technology and industry without somehow wresting itself free from the grip of American corporate influence. For a while the most popular economic subject of debate in Europe was the supposed "technological gap" which some said doomed Europe to be the hand servant of the United States. Servan-Schreiber's thesis is now acknowledged to have missed the mark, underestimating Europe's technology and the resilience of European companies. But the same fears are echoed in Europe today, with reference to Japan instead of the United States. The probability that the fears are misplaced once more does not relieve their grip on European minds.

The temptation is strong to dismiss the latest flurry of trans-Atlantic economic fussing as little more than a replay of an old melodrama with a few role changes. The Americans and British now represent the tight money enthusiasts, while the Germans and French call for lower interest rates. The dollar and the pound sterling, considered by European economic experts for many years to be weak currencies are now said to be much too strong. Americans who counseled the Germans 20 years ago to revalue the mark now urge them to allow the mark to depreciate. The disputes over steel, textiles, and agricultural trade have a familiar ring as well, although the range and economic importance of the sectors involved is clearly unprecedented.

The critical question is whether the Alliance is merely sailing through one more period of rough weather or facing a peril of unparalleled dimensions. Both the unfavorable environment in which the economic issues must be faced and the tendency for the conflicts to reinforce rather than cancel out each other should send up warning flags on all sides.

B. Interest Rates, Exchange Rates, and Budget Deficits

The economic concern raised most frequently and forcefully by Europeans in recent months has been the effect on Europe of the high level of interest rates in the United States. High U.S. interest rates are blamed for attracting short-term capital funds to the United States, tending to drive up the exchange value of the dollar relative to European currencies as well as pulling up interest rates in all currencies. The Europeans feel the effects of dollar appreciation on

their trade accounts both through increased oil import bills (because oil imports are priced in dollars) and more gradually in increased trade competitiveness (European exports become cheaper; imports more expensive). Over time the improved trade competitiveness should make it easier for European countries to reduce or eliminate current account deficits, as Germany has done in the past year, but in the view of most European officials the immediate concern with the oil bill, together with the other consequences of high interest rates, overshadows any longer-term trade benefits.

To the extent that European countries allow their interest rates to approach the U.S. level, the costs to European governments of financing their budget deficits as well as their interest payments on floating rate debt rise, and domestic monetary growth in European countries can be more constrained than European governments wish it to be. Many European governments and their major industrial corporations and banks have been substantial borrowers on the international capital markets. Most of their international debt bears variable interest rates which are adjusted upward or downward periodically in parallel with the London Inter-Bank Offering Rate (LIBOR), that is, the cost of major banks borrowing Eurodollars for 6 months in London. As interest rates in the United States move up, LIBOR goes up and so do the floating rates on European debt. Developing country borrowers face the same problem, of course, and even more severely than most European borrowers.

The adverse impact of high U.S. interest rates on European countries is greater today than it was during similar high interest rate periods in the 1950's and 1960's. Oil import volumes remain high in all countries except the United Kingdom and Norway, despite European conservation efforts. Accumulated European international debt is greater, and much more of it is held on floating interest rate terms rather than fixed rate terms. Most European governments have proportionately larger domestic debt and budget deficits than they had in earlier decades.

Ironically, many European governments have been engaged in efforts quite similar to the effort in the first year of the Reagan Administration to contain the growth of discretionary federal spending. Europeans generally applauded the Reagan Administration's efforts in these directions, although they had strong doubts whether the large tax cut and defense spending increase favored by the Administration were consistent with fiscal conservatism.

For their own domestic purposes in 1981, all major European governments, except the United Kingdom, sought a more rapid rate of money growth and a lower interest rate level than seemed consistent with the direction set by U.S. monetary policy. European leaders expressed their concerns to the United States on a number of occasions, including the Ottawa Economic Summit held in June 1981. U.S. economic officials assured the Europeans that a strong recovery would begin in the fall and U.S. interest rates could then safely decline without renewed inflation.

The prolonged recession in the United States, together with high interest rates reflecting market pessimism about the prospects for inflation and the Federal Reserve's effort to restrain domestic monetary

growth, have confronted Europeans with the problem of coping with U.S. interest rates without any offsetting resurgence of U.S. economic growth (and the demand for European goods which would accompany renewed growth). Many European officials state that they are particularly upset because, although the developments in the U.S. economy are contradictory to the assurances they received last year from American officials and entirely consistent with concerns Europeans expressed all along, American officials continue to deny that there have been any flaws in the Administration's program.

European frustration is deepened by their reluctant recognition of the fact that their own economic objectives cannot be realized in the absence of lower U.S. interest rates and renewed U.S. economic growth with reduced inflation. The extent of European dependence on developments in the U.S. economy may be somewhat surprising in view of the reduced importance of trade in goods and services between Europe and the United States in proportion to each partner's total world trade. The explanation lies almost entirely in the increase in European reliance on dollar borowings and dollar-denominated oil imports. Thus, while the European Community was developing in many ways a sense of economic self-direction and Europeans generally were coming to perceive their economic destiny as more independent of the Americans, they were in fact tying themselves still more closely to the U.S. dollar.

The implications for the NATO Alliance of the shared trans-Atlantic macro-economic problem are not hard to see. Chancellor Schmidt of the Federal Republic of Germany has quite openly linked the prospects for meeting Germany's defense spending objectives to the economic situation, and U.S. interest rates in particular. German economists estimate that depreciation of the German mark against the U.S. dollar by one pfenning forces an unavoidable increase in German defense spending (primarily for fuel, but also for U.S. equipment) of 4 million German marks. If, on the other hand, Germany attempts to support the German mark exchange rate by increasing the German mark interest rate, the budget cost to the German federal and state governments goes up rapidly, and German businesses could be discouraged from expanding domestic investments. Other European members of NATO face similar constraints, although the effect in Germany may be especially strong.

The consequences in the United States are becoming evident in the form of renewed discussion in some circles of a Mansfield-type resolution to reduce U.S. forces in Europe. Some of the interest in the subject seems to arise from the search for ways to relieve the U.S. economic problem by economizing on defense expenditures, as well as from negative reaction to the possibility that some European members of NATO will not fulfill their defense spending targets. To allay the sources of such discussion and relieve the pressure on defense budgets throughout NATO, economic recovery is both essential and urgent. The Europeans do not consider it politically possible to change more than marginally the 7 to 1 ratio of social sector spending to defense spending; therefore, real economic growth is the only avenue they perceive to increased real defense expenditures.

What many Europeans suggest at this juncture is strikingly similar to what many American economists and Congressional leaders are

suggesting: reduce the projected U.S. Federal budget deficit, especially for the "out years" (fiscal years 1984, 1985, 1986 and beyond), and allow a slightly higher rate of monetary growth (at the top or slightly above the Federal Reserve Board's announced targets). While few European officials would presume to suggest how the U.S. budget deficit should be reduced, they are virtually unanimous in dropping clear hints that some combination of a slower increase in defense spending and increased tax revenue, together with steps toward constraining the growth of entitlement program outlays, would be greeted with enthusiasm abroad. Some would go as far as to imply that the long-term security of NATO countries can be enhanced more by the economic benefits of a less rapid acceleration of U.S. defense spending than by the short-term military enhancement the additional budget dollars would purchase.

Resolving the current conflict of macro-economic policy between the United States and Europe would be the first, essential step toward restoring mutual economic confidence within the NATO Alliance, but could well prove to be of only transitory benefit if two more fundamental problems are not handled satisfactorily: unemployment and international trade conflicts. Both problems are deeply rooted in the structural features of the Western European and U.S. economies.

C. Employment and Unemployment

European governments are preoccupied with the implications of two facts of which American Government officials may be insufficiently aware. First, most Western European governments, in sharp contrast to the United States, face more rapid labor force growth in the 1980's than in the 1960's. Second, economic growth in Western Europe since the 1973–74 oil shock has not significantly increased European employment, although the United States has enjoyed steadily expanding employment even in recession periods (see Table 4). The United States has coped successfully with the post war "baby boom" age cohort group's entry into the labor force as well as increased female employment. It has done so largely through the rapid expansion of employment in the services sector of the economy. Western Europe faces a similar labor force expansion, but with less reason for confidence that services employment or other sectors will expand rapidly enough to avoid a worsening unemployment situation.

One way to comprehend the scope of the Western European employment problem is to consider the rate of real economic growth necessary to avoid an increase in unemployment. German Government economists estimate that a real growth rate of more than 3 percent per year is needed to keep unemployment in Germany from increasing further. The German economy, however, under favorable assumptions, is not expected to grow by more than 2 to 2½ percent in real terms next year; thus, unemployment is expected to rise even under the best of conditions. The same holds true for most other European economies. Unemployment has risen more dramatically in Europe than in the United States, as Table 4 indicates, and no relief is in sight.

TABLE 4.—SELECTED INDUSTRIAL COUNTRIES: EMPLOYMENT AND UNEMPLOYMENT 1963-81 [1]

[In percent]

	Average 1963-72	1973	1974	1975	1976	1977	1978	1979	1980	1981
Growth in employment:										
United States	2.0	3.3	1.8	−1.4	3.2	3.5	4.2	2.7	0.3	0.8
France	.8	1.3	.7	−1.0	.7	.8	.4	−.1	.....	−.8
German, Federal Republic of	.7	.6	−1.8	−3.5	−.5	.3	1.2	1.7	1.0	−1.0
Italy	−.8	.9	2.2	.5	.7	.9	.7	.9	.9	.4
United Kingdom	−.1	2.2	.5	−.5	−.6	.3	.7	.4	−2.6	−3.6
Unemployment rates:										
United States	4.7	4.9	5.6	8.5	7.7	7.0	6.0	5.8	7.1	7.7
France	1.8	2.6	2.8	4.1	4.4	4.7	5.2	5.9	6.3	7.9
German, Federal Republic of	1.0	1.3	2.6	4.7	4.6	4.5	4.3	3.8	3.8	5.0
Italy	6.4	6.5	5.9	6.3	6.7	7.2	7.2	7.7	7.6	7.9
United Kingdom	2.3	2.6	2.6	3.9	5.3	5.7	5.7	5.4	6.8	10.5

[1] The figures in the table are not comparable among countries, since they are based on the differing labor force definitions and concepts used by respective national statistical agencies.

Source: Adapted from: "World Economic Outlook" (International Monetary Fund), June 1981. p. 114.

The OECD's *Economic Outlook* published in December 1981 projects real GNP growth in OECD European member countries to be 1¾ percent in the first half of 1982, 2½ percent in the second half of 1982, and 2¾ percent in the first half of 1983. Despite the steady improvement expected in growth, and the further reduction of inflation, unemployment in OECD European countries is expected to increase from an average of 9 percent of the labor force (15 million persons) in the second half of 1981 to 10 percent (16½ million persons) in the first half of 1983. Employment in OECD Europe stagnated in 1980 and fell by more than 1 percent in 1981 and is expected to continue falling during 1982, while unemployment in the United States is projected by OECD to decrease after the first half of 1982. The OECD also estimates that the duration of unemployment—the length of time an individual is unemployed—is increasing as well.

The proportion of unemployed persons in the under-25 age group is expected to rise sharply in both the United States and Europe. The following percentages of youth under 25 in the labor force are expected to be unemployed in 1982: Germany—9 percent; France—20½ percent; United Kingdom—20½ percent; Italy—29½ percent; United States—16¾ percent. These high percentages contrast sharply with figures for 1979: Germany—3.7 percent; France—13.3 percent; United Kingdom—11.3 percent; Italy—25.6 percent; United States—11.2 percent. Growing youth unemployment in the European countries is likely to be a more severe problem than in the United States because the youth labor force will expand more rapidly in Europe. Labor force growth in most of Western Europe for the period from 1975 to 1990 is expected to be more rapid than in the period from 1960 to 1975. By contrast, all the OECD countries outside Europe—the United States, Canada, Japan, Australia and New Zealand—expect substantially slower labor force growth (see Table 5).

TABLE 5.—PERCENTAGE GROWTH IN LABOUR FORCE 1960–75 AND 1975–90

	Actual 1960–75 experience	Projected for 1975–90
Australia	45.4	34.0
Austria	−11.3	14.2
Belgium	8.9	11.7
Canada	55.3	32.7
Denmark	18.7	12.1
Finland	7.0	6.4
France	12.7	14.0
Germany	−.5	[1] 4.9
Greece	−10.3	13.5
Iceland	36.8	26.9
Ireland	2.0	16.3
Italy	−6.4	7.5
Japan	17.1	12.9
Luxembourg	10.8	1.4
Netherlands	19.8	17.6
New Zealand	37.9	26.3
Norway	19.9	15.3
Portugal	18.8	23.5
Spain	13.5	19.8
Sweden	12.8	11.6
Switzerland	8.6	8.7
Turkey	24.9	53.5
United Kingdom	5.3	9.3
United States	31.4	28.1
Yugoslavia	10.2	6.7
Total [2]	16.4	19.3

[1] Projected growth of the German labour force is 2.1 percent.
[2] Equivalent to weighted average.

Source: Adapted from: "Demographic Trends: 1950–1990" (O.E.C.D., Paris, 1979), p. 33.

The European members of NATO face a formidable challenge in the remainder of this decade. OECD estimates that they will need to achieve average real GNP annual growth rates of more than 3 percent in order to keep unemployment from rising. Since the 1973 oil shock, they have met that target only in 1976 and perhaps briefly in 1979. To reduce the present high unemployment in NATO European countries, they must either grow much faster than recent experience and nearly all economic forecasts indicate is likely, or achieve substantial structural adjustments in their labor markets. Many Europeans, therefore, have grave concerns about economic and political stability over the next 5 to 10 years. They see their economic dilemma as profoundly different from that facing the United States; in particular, they fear that a slow growth, low inflation program which might prove quite tolerable in the United States would exacerbate the difficulty in solving NATO Europe's employment problem. They also fear that developments in world trade are lessening the chances for structural adjustment of European industry and agriculture.

D. World Trade and the Steel Dumping Issue

Many Europeans doubt that their economies can compete successfully in the coming decade. They do not believe they can compete against American agriculture, against Japanese and American high technology/capital intensive production, nor against the low wage production of the newly industrializing economies of Asia, Latin America, and Africa. They take little consolation from the theoretical proposition that every country must have a comparative advantage in the production of something. The law of comparative advantage con-

tains no guarantee that a country's terms of trade will not worsen and it's living standard stagnate or even decline—if the country fails to adjust to changing world markets and fails to increase productivity faster than wages. Economic pessimism among the European members of NATO is based fundamentally on a lack of confidence in their political ability to shift production and boost productivity.

Trans-Atlantic trade disputes are the outward manifestation of structural rigidities in Europe and the United States compounded by the recession. The contrasting perspectives on trade in steel and agricultural commodities illustrate the basic problem.

The European and American steel industries were already in the throes of long overdue structural adjustments before the recent recession. Steel production facilities on both sides of the Atlantic needed to be trimmed and modernized to take account of slowing growth in domestic steel demand and increasing trade competition from new mills in Japan, Korea, Brazil, and elsewhere. Reducing employment at antiquated steel facilities is especially difficult when such facilities are located, as they so commonly are, in regions offering few employment alternatives. Dismissed steel workers in both the United States and Europe have too often become chronically unemployed, adding to the political resistance to further adjustment in the steel industry.

Against this background, the conflict between European steel producers, who receive substantial government assistance, and American producers, who receive little, has an air of inevitability. Rising European exports of steel to the United States led first to the imposition in 1978 of a "trigger price" mechanism intended to discourage sales in the United States of imported steel at less than production or home market costs, that is, to discourage "dumping." The trigger price mechanism consisted of announcements by the Treasury Department of minimum prices for various steel products (based on the costs of the world's most efficient producers), below which imports would be assumed to be priced unfairly. Imports at lower prices would presumably "trigger" an Administration-initiated investigation of possible dumping. Dollar appreciation in 1981 reduced the effective protection of the trigger prices (which had never operated to the satisfaction of U.S. steel producers), and growing imports of European steel led U.S. producers to file a host of dumping complaints with the U.S. International Trade Commission in January 1982.

None of the U.S. cases has been fully resolved at the time this report is prepared, but it seems probable that several cases will result in findings that dumping has occurred and has resulted in substantial injury to U.S. steel producers. If so, the stage will be set for the United States to restrict European steel imports by means of tariffs, quotas, or negotiated restraints of some other form.

The Europeans meanwhile have been struggling among themselves over the Davignon Plan (proposed by the European Community's Commissioner for Industry, Viscount Etienne Davignon) to reduce and rationalize European steel capacity. The Plan has faced bitter opposition from some European labor unions and blatant circumvention by some European producers; nevertheless, most analysts consider the Davignon Plan or some variation on it, to be the best hope to avoid a conflict between European steel producers which could break up the European Coal and Steel Community.

Implementation of the Davignon Plan is approaching a critical phase in 1982 (October is the deadline for submission of restructuring proposals), and the Europeans contend that the threat of U.S. restrictions on steel imports could make it impossible for European producers to reconcile their conflicting objectives within the scope of the Davignon Plan. The Europeans also point out that their steel production has been declining, not increasing, and their total steel exports were lower by 16 percent in 1981 than 1980, and constitute barely 5 percent of U.S. consumption.

The merits of the conflicting European and American positions need not be addressed in order to reach the conclusion that the adjustment difficulties in the steel industry are gravely worsened by the recession and the intensity of competition from "third-country" producers. Economic recovery would bring increased orders for steel, reducing pressures in both Europe and the United States. In the absence of economic recovery the prospects for amicable settlement seem slim.

E. Agricultural Trade

Prospects are also slim for amicable settlement of the trade issues arising in the agricultural sector. The United States enjoys a large surplus in agricultural trade with the European Community—$6.8 billion in 1980. The United States exports large quantities of soybeans and feed grain substitutes (primarily corn gluten feed) to the European Community. The European Community nations buy about one-fifth of total U.S. agricultural exports.

The European Community's Common Agricultural Policy (CAP) raises two problems for the United States: first, CAP subsidies have stimulated excess production which is often dumped on world markets, depriving the United States of export opportunities; and second, the Community periodically considers imposing barriers to imports of U.S. soybean oil and corn gluten feed in order to assist European producers of competing products. The United States has made especially vigorous assertions this past year of its interests on both scores.

Disputes have arisen over competition with Community exports to third country markets of wheat, wheat flour, poultry, beef, and other products. The United States contends that the Community's CAP subsidizes Community exports, unfairly depriving the United States of markets. The United States has initiated cases in GATT against European countries involving wheat flour, sugar, poultry, pasta, citrus, canned fruits and raisins. The Community contends that its export programs are essential to the CAP and portrays the U.S. actions in GATT as an attack on the CAP itself, a charge the U.S. denies.

The heart of the problem is the tendency for CAP's import levies and price supports to stimulate agricultural surpluses which cannot be consumed within the Community, and, instead, are dumped on world markets. The European Community Commission has attempted from time to time to reform the CAP in ways that would limit production while moving internal European Community agricultural prices closer to world levels, that is, lower prices. European farmers vigorously resist such efforts.

The European agricultural situation at present makes it unlikely that the European Community will move in directions which relieve

the pressure on U.S. agricultural exports. Despite the costly CAP price supports (about $16 billion in 1981), European farm income has been declining steadily for several years. There is little tolerance for measures which could further reduce farm income. Instead, European farmer organizations seem likely to press their demands for higher subsidies with increased vigor, and perhaps some violence, as recent demonstrations indicate. The French Government, especially, has reasons of its own for supporting the CAP: agricultural exports earn more foreign exchange for France than any other industry, and equal 15 percent of France's oil import bill.

Movement of labor from the farm to urban occupations has nearly ceased, as new job opportunities have diminished and the urban housing shortage has worsened. The present French Government is actually putting in place programs to encourage young people to stay on the farm. The emerging French policy may ease somewhat the problem of urban unemployment in France by creating under-employment on the farm. It also means that the CAP is all the less likely to adjust to world agricultural market prices.

The entry of Greece and Spain into the European Community will also inhibit the liberalization of the CAP and could well lead to EC restrictions on U.S. exports of soybean and corn gluten feed, despite long-standing zero duty bindings in GATT. Greece and Spain are major olive oil producers, and will continue to seek CAP protection against U.S. soybean oil imports. Neither are directly concerned about corn gluten feed imports, which compete against European grains, but the Community could decide to protect grain farmers at the same time as olive oil producers. Officials in Germany and the Netherlands, countries which have resisted pressures for such protectionist measures in the past, have strongly hinted that they will rethink their position. They foresee European Community concessions to these new members in the agricultural sector as a possible contribution to the strengthening of democratic governments in Spain, Portugal and Greece. Thus, although the question is on the back burner temporarily, the United States has little reason to be sanguine about the eventual outcome. Depressed economic conditions merely hasten the day when the CAP is likely to become more protectionist and trade discriminatory than it already is.

The United States has less flexibility on agricultural trade issues than in earlier periods, because farm income has been declining in the United States, too. American grain and soybean farmers are frustrated by the fact that their increased production and the rapid growth of U.S. agricultural exports have not meant higher returns at the farm level. Producers of other agricultural commodities and products (meat, fruit, nuts, wheat flour, dried and processed foods, for example) chafe at foreign import barriers and subsidized foreign production which constrain U.S. export sales. Major sectors of U.S. agriculture which have traditionally spoken out against U.S. trade protectionism seem to be shifting their attitude toward support of threats of trade retaliation if foreign agricultural trade practices do not change. Thus, the paradoxical result is that the U.S. agricultural export boom has been accompanied by increased, not decreased, U.S. pressure on the European Community on agricultural trade issues.

European leaders who would like to wean European agriculture

gradually from its dependence on government support, like European leaders seeking to reduce government subsidies to industry, state that their efforts are being undercut by an excessively aggressive U.S. posture on trade issues, as well as by the recession. Confrontational tactics, in their opinion, stiffen the resistance to economic adjustment in Europe and nurture a current of thought which suggests that Europe should reduce its dependence upon the United States and increase its economic relations with Africa, the Middle East and Eastern Europe. The Europeans are especially dismayed, and surprised, that the United States is raising trade disputes so aggressively despite having a $13.5 billion merchandise trade surplus with the European Community in 1981.

F. Opportunities for Reducing Trans-Atlantic Economic Tensions

The current dialogue across the Atlantic on economic policy includes the ironic feature of dedicated European socialists lecturing Republican conservatives on the need to balance government budgets in order to restore economic growth. There is much more behind this anomaly than mere permutations of domestic politics in the Federal Republic of Germany and the United States. Europeans associated with a wide spectrum of political parties want Reaganomics to succeed in the United States because its success could make Europe's economic problems more tractable.

Economic recovery in the United States would obviously ease the macro-economic situation facing Europe. Interest rates would decrease, helping European governments to reduce their budget deficits and making private investment cheaper and more attractive. Growing U.S. demand for Europe goods would assist economic expansion in Europe.

Important as these short-term effects are, they may be of less long run significance than the indirect benefits the Reagan program could have for structural adjustment in Europe. If it can be demonstrated in the United States that the size of government can be reduced, the costs of social benefit programs contained, the burden of government regulation eased— if these goals can be attained together with lower inflation, less unemployment, and increased defense spending—there is reason to hope for rectifying Europe's tired economies and overgrown governments as well. Progress along the same path in the United Kingdom, which will also be greatly helped or hindered by U.S. performance, would offer even more convincing evidence that Europe's economic future need not be bleak.

Recognition of the importance of structural adjustment is already widespread in Europe. The Belgian Government, for instance recently took an unprecedented step toward compelling real wage adjustment, an implicit abandonment of the indexation system which has done so much damage to the Belgian economy. Other governments would like to move vigorously to restrain the social benefit expenditures which strain government budgets and appear to affect business investment and worker productivity adversely. Even European governments with philosophical commitments to a degree of state ownership or control in some sectors of the economy acknowledge that they are relying upon

the private sector, especially small and medium-sized firms, for the innovation and rapid growth essential to increase employment of young people as well as workers displaced from declining industries and unprofitable farms.

Successful economic adjustment in the United States would also help to allay European fears about competition with the Japanese. As long as the Americans appear unable to cope with Japanese industrial and technological competition, Europeans find it hard to persuade themselves that an open market with a shrinking government role is the correct formula for Europe. Washington's rhetoric on the virtues of free markets and small government will be tuned out in Europe until the economic statistics bear out the arguments.

The economic elements which contribute to the gathering clouds over the NATO Alliance cannot be dismissed lightly; they must be contended with, but although the European and North American economies are no doubt doomed to economic interdependence, they are surely not compelled by nature to commit mutually destructive acts. The lengthening agenda of contentious issues—including such formerly exotic topics as telecommunications policy, transborder data flows, corporate responsibility, export credit subsidization, extraterritorial jurisdiction—need not become a menacing swirl of new disputes and old grievances. The NATO allies can shore up the economic underpinnings of their mutual defense effort if they will remember that they must grow together economically, or they will grow apart, politically as well as economically. Especially at this time, allied governments must avoid placing irrevocable economic demands upon each other which cannot possibly be met when presented.

CHAPTER 5

MILITARY DOCTRINE, FORCE POSTURE, AND THE QUESTION OF U.S. TROOP WITHDRAWALS

A. BACKGROUND

For the past decade and a half, NATO's military doctrine and force posture have been firmly anchored to the twin pillars of flexible response and forward defense. The former, officially codified in the form of a 1967 NATO Military Committee document (MC 14/3), calls for a "seamless web" of military capabilities across the entire spectrum of possible conflict; i.e., conventional (non-nuclear) defense, tactical (or battlefield) nuclear weapons, long-range "theater" nuclear systems (now known as intermediate-range nuclear forces, or INF), and at the upper end of the scale, central strategic systems, including the United States and British nuclear deterrents.

The Alliance's adoption of MC 14/3 represented something of a compromise. On the one hand, flexible response assigned renewed importance to conventional defense and thus seemed more credible to Americans than the discredited doctrine of "massive retaliation." At the same time, though, the doctrine was not so rigid as to rule out an early resort to nuclear options, thereby alleviating European concerns that America might not be willing to engage its nuclear forces in the defense of the Continent. This deliberate ambiguity has enabled each NATO state to see what it wants in the doctrine, contributing in no small measure to the long life of the doctrine.

Flexible response is both reactive and assertive in orientation: reactive in that it is intended to deter, and if need be defeat, Soviet aggression at any level of violence; assertive in that should defense fail, the Alliance is prepared to up the ante by progressing to the next rung on the escalation ladder. Assuming that it possessed superior capabilities at all conflict levels, NATO would hope that the Soviets would quickly terminate hostilities once the Alliance demonstrated its willingness to escalate.

Central to this concept, known as "escalation domination," is an acceptance on the part of NATO that it might be the first to cross the nuclear divide in a conflict. For this reason, the United States and its NATO Allies have consistently refused to accede to any "no first use" accord with the Soviet Union. In a formal statement of the U.S. position on this issue, President Carter advised the U.N. General Assembly on October 2, 1977, "I hereby solemnly declare on behalf of the United States that we will not use nuclear weapons except in self-defense; that is, in circumstances of an actual *or conventional* attack on the United States, our territories or armed forces *or such an attack on our allies.*" (emphasis added) In an April 6 speech, Secretary Haig re-

affirmed the U.S. position on this issue, declaring, "A 'no first use' policy would be the end of flexible response, and thus of the very credibility of the Western strategy of deterrence."

The principle of forward defense, duly affirmed in every ministerial communiqué in recent years, reflects a more intangible, and essentially political, imperative; that is, that an alliance founded on the precept of collective defense must endeavor to provide equal security for all its members. For the Federal Republic of Germany, with 30 percent of its population and 25 percent of its industry lying within 100–150 kilometers of the East German/Czech border, this means halting a Soviet attack by whatever means as close to the boundary as possible. As one German defense official advised staff, West German taxpayers would never accept $20 billion a year in military spending just to provide a forward glacis for the defense of France.

While the most compelling rationale for forward defense may be political, NATO's adoption of this strategy also reflects a number of military realities. Since France's withdrawal from NATO's integrated military command, the Alliance cannot be fully assured that French territory would be available to Allied armed forces in time of hostilities. As a result, the NATO central front has little depth or room for maneuver. A second problem is that NATO's main lines of communication and logistics run north/south across the Federal Republic, rather than east/west from the French coast to Germany. Were Allied armies to withdraw very far, these vital supply and communications lines would be severed.

B. Persistent Doubts and Criticisms

From its inception, the NATO doctrine of flexible response and forward defense has been barraged by criticisms and doubts. Skeptics have examined the "seamless web" of MC 14/3 and found it leaking throughout. At the conventional end of the deterrence spectrum, criticism has ranged from the dire warnings of retired Belgium General Robert Close, who has asserted that the Warsaw Pact could drive through to the Rhine in 48 hours, to that of the much noted "Nunn/Bartlett Report" of 1977, which cautioned that it was becoming increasingly likely that "the Warsaw Pact would already be on the Rhine when the NATO decision is made to use tactical nuclear weapons."

In the eyes of many, NATO's inadequate conventional defense capabilities are further eroded by its rigid adherence to forward defense. Noting that this approach violates the time tested military rationale of trading space for time, critics have urged the Alliance to abandon its emphasis on a firepower-intensive linear defense in favor of a strategy of maneuver which relies more heavily on uncommitted reserves and defense in depth.

In 1977, the Carter Administration flirted with a retreat from forward defense, when, in the course of promulgating PRM–10, the National Security Council forwarded papers to the President suggesting that in the event of war NATO should fall back to a line formed by the Weser and Lech Rivers, thereby surrendering about one third of the Federal Republic. Leaked accounts of the PRM–10 staff options caused consternation in Germany, and the fall-back idea was officially disavowed.

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Grave concerns have also been expressed in recent years about the adequacy of the Alliance's nuclear deterrent. Some commentators have focused on NATO's short-range, or battlefield nuclear systems, charging that the devices represent more of a danger to the Alliance than to the enemy. In particular, critics have questioned whether the Alliance actually requires 6,000–7,000 tactical nuclear weapons, whether the political release procedure could be implemented in a timely fashion, and whether the devastation caused by their use on Allied soil would be worth whatever military gains might be achieved.

Another set of concerns has centered on recent Soviet advances in longer range nuclear capabilities, the SS–20 being the principal case at hand. Many defense analysts see the SS–20, with its mobile basing and increased accuracy, as providing a new dimension in the Soviet Union's ability to strike targets in Western Europe with great precision from relatively secure launch sites on Soviet territory. These observers have also been alarmed by the continued augmentation of Soviet air defenses and the declining prospect that Allied interdiction/strike aircraft could penetrate to targets behind the Soviet border. Since virtually all of NATO's INF assets are currently comprised by nuclear-capable aircraft (the so-called forward based systems, or FBS), many analysts believe that the Alliance would have no effective recourse to a pre-emptive SS–20 strike other than to engage U.S. strategic systems. In this sense, then, the argument has been raised that a "gap" in the deterrence spectrum has been created by the deployment of the SS–20, a gap that is judged less and less tolerable as the Soviet Union strengthens its position of strategic nuclear parity with the United States.

European anxiety that the United States might not engage its central strategic systems in the defense of the Continent (in effect risking the "loss of Chicago to save Hamburg") is not a recent phenomena. Indeed, this concern was central to Charles de Gaulle's criticisms of the Alliance in the early 1960's and a driving factor in the Multilateral Force (MLF) episode later in that decade. However, a general consensus has formed in recent years that with the loss of America's nuclear superiority, the Alliance's threat to escalate to the strategic nuclear level does not carry the weight it once did.

In a much noted speech in Brussels in September 1979, former Secretary of State Kissinger cautioned that Europeans should not believe American Secretaries of State when they "utter the magic words" about an undiminished American military commitment. Seeking to allay the concern provoked in Europe by the speech, Secretary of State Vance issued a forceful statement reaffirming America's unwavering commitment to the security of Western Europe. Nonetheless, Kissinger's candid remarks contributed to a mood in Europe in which many are pre-disposed to view incidents such as President Reagan's comments last fall on limited nuclear war as further indication that the United States would try to isolate a nuclear war to the European continent.

Viewing NATO deterrence in the aggregate, some observers have concluded that what they perceive as Allied military deficiencies at all levels of possible conflict has effectively transferred "escalation dominance" to the Soviet Union. While the probability of overt aggression remains slight in the eyes of most, there is growing con-

cern that NATO states, aware of the recent Soviet gains in military capabilities, will become increasingly susceptible to political or diplomatic demands. In time, some critics fear that current trends might even carry to the point where some Allies will choose neutrality over continued membership in the Alliance.

C. The NATO Response

NATO has responded to its critics by promoting an across-the-board revitalization and modernization of its military capabilities. However, it has not been shaken from its firm reliance on the dual principles of flexible response and forward defense.

The past 5 years have witnessed a series of U.S. and NATO force improvement initiatives, including:

—The 1977 Ministerial Guidance, later ratified at the 1978 summit meeting of Heads of State in Washington, setting real increases "in the region of 3 percent" in defense spending as a goal for Alliance states.

—The Long Term Defense Program (LTDP), also endorsed at the Washington summit, which recommends implementation of 123 separate force improvement measures divided into nine functional areas related to conventional defense and one functional area related to tactical nuclear forces. Although the LTDP does not call per se for a single additional tank, aircraft or ship, it does provide an agreed blueprint for cooperative steps in selective, high-priority areas, including readiness, reinforcement, reserve mobilization, maritime posture, air defense, communications, electronic warfare, logistics, and weapons standardization.

—The Master Restationing Plan (MRP), designed to correct much of the maldeployment of U.S. forces in the FRG, has included such preliminary measures as the transfer of a U.S. Army brigade from Southern Germany to the North German plain.

—The December 1979 NATO "dual track" decision on INF, which committed the Alliance to the deployment of 572 new intermediate-range nuclear missiles unless arms control negotiations should produce an accord warranting a lower level of deployment. Should the arms control initiative fail, NATO plans to deploy 572 single warhead nuclear missiles in five European countries: 108 Pershing II missiles and 96 GLCMs in the Federal Republic, 160 GLCMs in the United Kingdom, 112 in Italy, 48 in both Belgium and the Netherlands. All systems will be deployed with American forces only and will be under American command and control. The cost of development and production of these systems will be paid for by the United States; the NATO Allies will contribute to the infrastructure and support of the systems through their contribution to the NATO Infrastructure Fund.

—At the strategic level, all three Allied nuclear states have taken independent steps to ensure the credibility and effectiveness of their retaliatory forces. France has decided to build a sixth ballistic missile submarine and is committed to progressive improvements in its bomber, land-based missile and SLBM systems. On March 11, the United Kingdom, announced its decision to replace its aging force of four Polaris-class submarines with new sub-

marines carrying the Trident II SLBM. And, under President Reagan, the United States is moving forward with an extensive strategic force modernization plan expected to cost $180 billion over the next 5 years.

D. Assessment

In light of these programs and initiatives, where does NATO stand today? To what extent have the critics been silenced? Unfortunately, it would appear that despite the impressive array of NATO force modernization initiatives launched in recent years, the Alliance has been largely outpaced by the continuing momentum of the Soviet military buildup. As the Joint Chiefs of Staff posture report for fiscal year 1983 notes, "Conventional warfighting capabilities of the Soviet Union and its supporting coalitions have been increasing quantitatively and improving qualitatively much faster than those of United States and Allied forces. The Soviets are now fielding weapons systems as capable as, or in several categories superior to, U.S. systems."

The JCS report notes that the Warsaw Pact currently has a 3 to 1 advantage in tanks and is expected to widen the gap despite the introduction of the new M–1 "Abrams" tank. If the total firepower capability of NATO and the Warsaw Pact is compared using weighted unit values, currently DOD assessments show a 2 to 1 Warsaw Pact advantage across the entire Central Front. In addition to a widening imbalance in armor, anti-armor and fire support, the JCS projects that the Soviets may soon equal or overtake the Alliance in two categories in which NATO has traditionally enjoyed a marked superiority: assault helicopters and tactical air support. At the nuclear level, the Soviets have deployed 300 SS–20s, each with three warheads, and maintained 250–300 older SS–4 and SS–5 single warhead missiles, while the first deployment of a new U.S. INF weapons system remains more than a year away.

In its most recent assessment of the NATO/Warsaw Pact balance in Europe, the International Institute for Strategic Studies (IISS) also concludes that both qualitative and quantitative trends continue to move steadily in favor of the East. Despite the adverse trends, though, the IISS does not believe that one can necessarily conclude that NATO would suffer defeat in war—a judgment also voiced in the JCS report. Rather than calculate conflict outcomes, most net assessment studies prefer to stress trends while giving due notice to the elements of risk and unpredictability inherent in any Soviet decision to go to war. For example, the IISS concludes, "The overall balance continues to be such as to make military aggression a highly risky undertaking. The consequences for an attacker would be unpredictable, and the risks, particularly of nuclear escalation, incalculable."

Both the JCS and the IISS point to a broad range of uncertainties, including:

—the fact that NATO would be on the defensive;
—the questionable reliability of Warsaw Pact coalition partners;
—differences in tactics, doctrine, training, leadership, morale and readiness;

—assumptions as to warning and response times, reinforcements, and conflict scenarios; and
—the problem of comparing asymmetrical advantages between Warsaw Pact and NATO forces (e.g., would NATO's superior airpower offset the Warsaw Pact edge in armored units?).

These uncertainties notwithstanding, IISS warns that "there has been sufficient danger in the trend to require urgent remedies"—a view that is clearly shared in official NATO councils.

This, then, brings one to a central paradox of NATO defense policy. For although NATO is at present fully agreed that Alliance members must "do more," there is a parallel acceptance that (a) it is doubtful that the various blueprints for force improvement are likely to be fully implemented, and (b) even should the plans be fully attained, the imbalance would still remain. This paradox can be illustrated with reference to two challenges now confronting the Alliance: fulfilling the 3 percent pledge and holding firm to the December 1979 decision on INF.

E. Burden Sharing and the 3 Percent Pledge

When NATO endorsed the 3 percent real increase goal in 1978, it understood that this figure reflected more an appraisal of what was politically feasible than what was needed militarily. Alexander Haig, then serving as SACEUR, reported that at a minimum, 5 percent in real growth would be required if the Alliance were to make much progress in closing the force imbalance. Last month, the present SACEUR, General Bernard Rogers, declared publicly that at least 4 percent in real growth was needed. Yet as one leading British military expert advised staff, even 4–5 percent increases would still leave NATO making at best incremental gains and would not radically redress the conventional force imbalance.

Since the 3 percent pledge was accepted, though, member states' performance in meeting even this modest goal has been mixed, as shown by Table 6.

TABLE 6.—NATO COUNTRY DEFENSE SPENDING[1]

[Percentage change from previous year in constant prices (excluding inflation)]

	1978 or 1978–79	1979 or 1979–80	1980 or 1980–81	1981 or 1981–82
Belgium	6.7	2.2	2.0	0.2
Canada[1]	−.2	−.9	5.1	3.0
Denmark	4.4	.2	.7	.1
France	5.0	2.5	3.9	3.5
Germany	3.1	1.8	1.9	1.9/3.4
Greece	4.9	−2.9	−8.8	5.6
Italy	1.4	2.6	4.9	−1.2
Luxembourg	7.9	3.5	16.3	7.1
Netherlands	−4.8	3.9	−1.5	2.3/3.4
Norway	7.7	1.9	1.8	2.5
Portugal	2.4	2.9	10.1	2.8
Turkey[1]	0	2.6	2.0	3.1
United Kingdom[1]	−.6	3.0	2.7	2.1
	1977–78	1978–79	1979–80	1980–81
United States[1]	1.5	3.4	4.9	5.4
Non-United States[2]	2.1	2.2	2.6	2.2/2.6
NATO total[2]	1.8	2.9	3.8	4.0/4.1

[1] All of the figures depicted in this table are based on the NATO definition of defense spending and are the best estimates that can be made on the basis of information now available. National fiscal years agree to calendar years except as follows: Canada and United Kingdom—April–March, Turkey—March–February, United States—October–September.
[2] Non-United States NATO and NATO totals reflect weighted average growth rates.

Source: U.S. Government.

As can be seen from Table 6, although only half the participating states have achieved the goal in any one year, the Alliance as a whole has surpassed the 3 percent objective of 1980 and 1981 and came close enough to count in 1979 (NATO defines "in the region of 3 percent" as anything greater than 2.8 percent). Seven to nine NATO countries, including the United States, met the 3 percent objective despite economic difficulties in 1981. The "big three" of the allies performed quite well. France, which did not subscribe to the 3 percent objective, increased defense spending by 3.5 percent. West Germany may have realized a 3.4 percent increase. The United Kingdom, in spite of severe economic problems, realized 2.1 percent real growth.

To a large degree, the debate within the Alliance about whether or not Europe is spending enough to defend itself has been institutionalized by bookkeeping on the 3 percent pledge.

This record can be seen in a number of ways. One approach would be to say that the allies, as a group, have consistently failed to meet the 3 percent objective. This conclusion has, in fact, been emphasized with many American observers who see the United States as carrying a far disportionate share of the NATO defense burden. Those making this case argue that while NATO is vitally important to our own security, it should be seen as even more vital by Western Europe, which is much more directly and immediately confronted by Soviet military might. Given the economic and political maturity of the Allies, many Americans simply cannot fathom why the Europeans cannot spend more in their own defense.

Last session, a number of protectionist provisions affecting NATO were included in the fiscal year 1982 Department of Defense Appropriations Act. These provisions, which involve such issues as imported specialty metals, foreign-made administrative use vehicles, maneuver damage claims, and the export of technical data packages, reflected growing congressional frustration on the burdensharing issue. Recognizing that these actions not only tend to undermine substantially the faith of our European allies in our good intentions and leadership ability, but could also result in European retaliation that could lead to dramatic reductions in U.S. military exports to NATO, the Administration has pledged to seek the repeal of these provisions. Unless this effort succeeds, it will be exceedingly difficult for the United States to press Europe for greater degrees of burdensharing and defense cooperation.

A more reflective approach to judging the burdensharing issue must take into account the arguments raised by the Europeans. For example:

—For most of the last decade, the allies consistently increased defense spending while the United States was reducing its efforts. During 1970–78, their spending rose an average of about 2 percent per year over and above inflation so that, by the end of the 1970's, NATO Europe had taken on a proportionately greater share of the common defense burden than it carried 10 years earlier.

—Of the ready forces currently available in Europe, about 91 percent of the ground forces and 86 percent of the air forces come from European countries, as do 75 percent of NATO's

tanks and more than 90 percent of its armored divisions. The size of the armed forces of European countries amounts in peacetime to some 3 million, rising to nearly 6 million when reserves with an assigned role in mobilization are included. North American figures (United States and Canada) are 2.15 million, rising to 3 million.

—Several European countries devote as high a proportion of their expenditures to improving the quality and quantity of their military equipment as do North-American allies. Land force improvements in 1982 will include the introduction of some 400 main battle tanks, together with 850 other armored vehicles; 1,400 anti-armor missile systems will come into service, plus 2,500 hand-held rocket launchers and 400 other anti-armor weapons. Maritime improvements will include the deployment of 27 new ships and 4 submarines. Air Force improvements will include over 220 new combat aircraft.

—Some allied contributions to Western defense cannot be measured in terms of defense expenditures alone. West Germany, for example, contributes much real estate to the support of NATO forces. The costs of foregoing other "productive" uses of that real estate and of lost tax revenues are substantial. West Germany also contributes substantial sums in economic assistance to vital NATO countries, such as Turkey.

There is no question but that the allies have tried to increase defense expenditures to meet the 3 percent commitment. Allied defense ministers have lobbied with their cabinet colleagues on behalf of increased defense spending at a time when other budget categories have been held constant or allowed to shrink relative to inflation.

In France, the Socialist government led by President Francois Mitterrand has strongly endorsed French defense programs and has underwritten that endorsement with substantial real increases in his government's first defense budget. Defense spending increases find support across the political spectrum in France.

In the United Kingdom, high inflation, unemployment, and government deficits make increases in defense spending particularly painful. The conservative British Government under Prime Minister Thatcher does not enjoy the political support for defense spending found in France. The opposition Labour party has been extremely critical of defense spending increases and particularly of plans for modernizing Britain's nuclear striking capability. Nonetheless, the U.K. has managed increases between 2–3 percent in 1979 and 1981 and plans a 3 percent increase for 1982.

West Germany consistently increased its defense spending by close to 3 percent in real terms throughout the 1970's. Between 1978 and 1981, the Federal Republic averaged around 2.5 percent in spite of a growing recession and mounting government deficits that led to cuts in some domestic budget categories. In addition, the Federal Republic recently agreed to a major increase in services (host nation support) that would be provided to U.S. forces in wartime. "A "peacetime" host nation support agreement is currently being negotiated.

This performance should be seen in the context of Germany's special position. With an East German neighbor sustaining a strong

economic performance, West Germany cannot be insensitive to the economic and social aspects of the East-West competition. Social and economic health are regarded by Germany's leaders as an integral part of the country's security posture. Therefore, tradeoffs between defense spending and social programs pose more difficult choices for Germany than for most other countries.

The rest of the NATO allies, for purposes of analysis, may be divided into two groups: the southern flank NATO nations, Portugal, Italy, Greece, and Turkey; and, the small north and north-central NATO nations, Canada, Norway, Denmark, Belgium, the Netherlands, Luxembourg, and Iceland.

The southern NATO nations are the poorest in the alliance, and the May 1978 NATO 3 percent objective specifically recognized possible constraints on the ability to increase defense expenditures on a continuing basis. These economic circumstances produce wide variations in defense spending in these countries, but their individual contributions to the overall total are relatively so small that the fluctuations do not significantly affect the alliance totals.

Portugal, after reorganizing its armed forces away from colonial commitments and toward NATO objectives, has sustained fairly steady increases in defense expenditures. Italy, in spite of its economic difficulties, has financed a substantial modernization program for its air and naval forces. Defense spending in 1979 and 1980 reflected that program while 1981 expenditures did not keep pace with inflation. Greece had faired rather poorly in 1979 and 1980, but defense expenditures grew substantially in 1981 and the new socialist regime of Andreas Papandreou has made increased defense expenditures a top priority. Turkey, perhaps the weakest economic link in the alliance, has managed moderate but steady growth in defense expenditures in the last 3 years and maintains the largest armed forces in NATO other than the United States.

The smaller but relatively wealthy NATO countries frequently are the source of generalizations about insufficient allied contributions to defense spending. There are, in these cases, both positive and negative aspects. Canada has in the past spent substantially less than might be warranted by its economic situation. But, in the last 2 years, the Canadians have increased defense spending by an average of 4 percent in real terms. Norway, enjoying a strong economic performance based on its oil and gas production, has averaged over 3 percent real increase in defense spending over the last 4 years. The Norwegian Government plans to increase spending in excess of the 3 percent objective in 1982. Denmark has been one of the weakest links in NATO defense spending, barely managing to sustain increases slightly above inflation. Internal and external pressure on Denmark in 1981 led the Danish Government to beef up its spending plans for 1982 to ensure that they will at least stay ahead of inflation.

Belgium averaged approximately 2.7 percent real increases over the last 4 years, but mainly because of a strong performance in 1978. The Netherlands has alternated between positive and negative growth in the past 4 years. In spite of the spotty Dutch spending performance, Dutch forces are regarded as among the most competent and well-equipped in NATO, frequently placing at the top in NATO competi-

tions. Luxembourg has a very small defense budget but has been making substantial increases over the past 4 years. Iceland has no military forces.

In sum, the picture has not been quite as bad as commonly assumed in the United States. In 1981, seven to nine allies including the United States achieved the NATO objective, and the weighted non-U.S. average was 2.2 to 2.6 percent. However, most recent assessments indicate that due to worsening economic difficulties in Europe, performance on the 3 percent goal will probably get worse before it gets better. A study recently released by the FRG Defense Ministry projects that by 1985, there will be a shortfall of approximately $5 billion between the money needed by the FRG military to fulfill its NATO commitments and the money that can be made available from government revenues. The report points out that due to financial constraints, 18 of 65 projects in the German military's 5-year plan have been eliminated, and training has been cut back by 25 percent. In Brussels, Secretary General Luns told the staff delegation that the United States simply cannot expect its allies to do much more than they are doing now.

Several factors account for the European's seeming inability and/or unwillingness to join with the United States in defense improvement programs that would substantially reverse the present adverse force balance vis-a-vis the Warsaw Pact:

Differing Economic Priorities: The most fundamental consideration for the Europeans is the cost of such improvements themselves and the concommitment drain on social welfare spending. In Europe, with its much more extensive structure of social services, governments see themselves as having far less latitude for a fundamental reordering of discretionary spending than in the United States. As was noted earlier, the Europeans do not consider it politically possible to change more than marginally the 7 to 1 ratio of social sector spending to defense spending. Real economic growth is the only route they see to increased defense expenditures, yet current European forecasts are not optimistic with regard to near-term growth.

Demographics: As a general rule, NATO could not hope to match the Pact's conventional force posture unless the Alliance's standing armies were significantly increased. While qualitative advantages can offset quantitative inferiority to a degree, ultimately more divisions would have to be fielded if the Alliance were to try to equal the Warsaw Pact in deployed capability. At present, though, many of the Allies are encountering increasing difficulties in maintaining their current manpower levels, let alone carrying out a substantial force expansion. Due to a dwindling manpower pool, the FRG Defense Ministry report warns that by 1988 there will be fewer young males eligible for conscription than would, at current rates, be needed to maintain the army at present levels.

Intra-European Political Considerations: Even were the Federal Republic of Germany to find ways to induct more servicemen into its armed forces, residual tensions stemming from World Wars I and II militate against a sizable expansion of German military might. The FRG, which provides the hard core of Allied Ground forces in Central Europe, has reached what is probably a limit on armed forces manpower. One German defense official advised staff that the Federal

Republic simply could not build up its armed forces to the point that it would be number one in Europe without provoking a sharp French or Soviet reaction.

Rejection of Sustained Conventional Warfare Scenarios: European reluctance to spend considerably more on conventional defense reflects more than fiscal, demographic and political restraints; it also underscores the acute European sensitivity to the devastation that could be caused by even a non-nuclear engagement. One German defense official advised staff that any conventional war that lasted for 3 or 4 months, with a front that changed back and forth across Germany, would in his opinion destroy the country just as completely as would a nuclear war. German officials concede that some increase in conventional warfighting capability is in order, since there can be no credible deterrence without credible defense, but they stress that they are having enough difficulty as it is selling the idea of even 30-day stock levels, let alone tackling U.S. proposals for 90- or 180-day sustainability levels.

The European Allies tend to regard conventional defense more as an element of deterrence intended to ensure that the Soviets confront the risk of escalation than as a guarantor of victory on the battlefield. This is not to suggest that they believe conventional forces need serve only a "tripwire" function, but rather that a relative imbalance may be tolerable as long as NATO's non-nuclear capabilities are sufficient to deny the Soviets an easy victory.

Resistance to the Concept of Limited Nuclear War: Consistent with their perspective on conventional forces, the Europeans see the primary rationale for short-range nuclear weapons as political. While they recognize that battlefield nuclear weapons can serve some militarily significant deterrent functions (such as inhibiting the Warsaw Pact from massing its forces for conventional attack), they totally dismiss the notion that the systems can be employed as a sort of "super-heavy artillery." Massive public opposition blocked the deployment on European soil of enhanced radiation/reduced blast weapons, which had been characterized in U.S. defense circles as an especially deadly and effective tank killer. Moreover, American discussion of an "integrated battlefield," in which Allied armies conduct traditional operations on terrain swept by nuclear explosions, chemical/biological agents, and non-nuclear artillery fire, is viewed in Europe with a combination of disbelief and outright antagonism.

For most Europeans, the paramount role for the short-range systems is to pose the real risk of escalation and thereby link conventional defense to the prospective devastation of the Soviet homeland. In this context, many observers believe that the current inventory of battlefield nuclear weapons is far in excess of either political or military requirements.

Nonetheless, European and U.S. defense officials are sensitive to the means by which the inventory might be reduced and, as will be discussed later, they are not in favor of abandoning any single nuclear role outright. In 1980, the Alliance unilaterally removed 1,000 systems from Europe without fanfare—a step that prompted neither public acclaim nor reciprocal Soviet reductions. As a result, few leaders within the Alliance are inclined to propose similar unilateral gestures.

F. INF: A Special Case

A second test of the ability of the Alliance to implement modernization programs needed to maintain the credibility of its doctrine of flexible response involves the December 1979 "dual track" decision on INF. European anxiety about the high levels of nuclear weaponry already deployed has contributed to the view that arms control should be given a chance to succeed before any expansion of NATO's nuclear capabilities is carried out, a decision that has since been made specific in the form of the "zero option" offer tabled by the United States in the Geneva talks.

THE NATO OFFER

The offer tabled in February by the United States proposes that NATO cancel its planned deployment of 108 Pershing IIA nuclear ballistic missiles and 464 ground-launched nuclear cruise missiles (GLCMs) if the Soviets agree to scrap all of their SS–20, SS–4 and SS–5 nuclear ballistic missiles. Under the U.S. proposal, the prohibition on Pershing IIA, GLCM, SS–20, SS–4, and SS–5 nuclear missiles would apply globally, that is, these systems could not be deployed anywhere in the world. The U.S. proposal does not address British and French independent strategic forces, which the U.S. considers outside the realm of these bilateral negotiations, or U.S. nuclear-capable fighter aircraft based in Europe, which the U.S. maintains are peripheral to the basic problem at hand: the destabilization caused by the deployment of the SS–20.

THE SOVIET OFFER

The Soviet Union maintains that a balance of about 1,000 medium-range nuclear weapons already exists in Europe, if one counts all Allied (including British and French) medium-range land and sea-based nuclear ballistic missiles and all Allied land and carrier-based nuclear-capable fighter aircraft.

In the Soviet view, parity could be maintained by halting further SS–20 deployments west of the Urals in return for a NATO pledge to forego its planned deployment of new INF systems. In the opening round of the negotiations, the Soviets formally proposed such a moratorium. On February 4, the Soviets tabled a second, more far-reaching offer that calls for a two-thirds reduction in Soviet and U.S. medium-range systems now deployed in Europe. In a first stage, both sides would reduce to a common ceiling of 600 systems by 1985; in a second stage, to be completed by 1990, the ceiling would be lowered to 300.

The Soviets' February offer would encompass the previously-proposed moratorium on the deployment of new medium-range systems *in Europe*, but it would not prohibit additional Soviet SS–20 deployments east of the Urals (or, presumably, Pershing IIA or GLCM deployments with U.S. armed forces stationed in places other than Western Europe). Under the Soviet proposal, the U.S.S.R. could conceivably move SS–20s now deployed west of the Urals back outside the reductions area (still leaving them in range of the major capitals of Western Europe) and reach the 300 ceiling by scrapping obsolescent SS–4s and SS–5s and making only a modest cut in its

present force of nuclear capable aircraft deployed at airfields in the reductions area. The Soviets could add an unlimited number of SS–20s and bombers outside the reductions area.

For NATO, the "price tag" on the Soviet proposal would be far higher. Assuming Britain and France would insist on retaining their independent strategic deterrents (with a total of about 250 INF-accountable delivery systems), the United States would have to pull out all but about 50 of its nuclear-capable fighters now stationed at NATO bases. And of course, NATO would have to cancel its planned Pershing IIA/GLCM deployment plan.

THE MARCH 16 BREZHNEV ANNOUNCEMENT

On March 16, Premier Brezhnev announced that he had ordered a unilateral freeze on additional SS–20 deployments west of the Urals and that the Soviets would withdraw or retire "a certain number" of medium-range missiles presently deployed in this area. Brezhnev warned that he would revoke the unilateral freeze if NATO refused to cancel its INF deployment plan and declared that the NATO deployments, if carried out, would "compel us to take retaliatory steps that would put the other side, including the United States itself, in an analogous position." This latter threat has been interpreted as involving a Soviet deployment of medium-range missiles in Cuba, an action that would represent a flagrant breaking of the 1962 Kennedy-Khrushchev agreement on Cuba.

In response to the Soviet action, President Reagan reiterated the U.S. view that a freeze at current levels in Europe would lock NATO into a position of decisive inferiority. In the President's words, "a freeze simply isn't good enough because it doesn't go far enough." The President emphasized that the Brezhnev action in no way restricted SS–20 deployments east of the Urals and called on the Soviets to accept the "zero option." At the March ministerial meetings held in Colorado, West European governments joined with the United States in informing the Soviet Union that despite the unilateral Soviet action, the Alliance will go forward with the planned INF deployments unless the Geneva talks succeed.

CURRENT PROSPECTS

Dissenting from the official NATO strategy, which holds that the INF arms control initiative will only succeed if the Soviets are convinced that the new deployments are going forward, some political factions in Europe continue to maintain that it is the threat of deployment itself that complicates the arms control task and lessens the prospects of agreement. Advocates of this view believe that NATO should give arms control more of a chance to succeed before making any preparations for new nuclear deployments.

Reflecting the parliamentary strength of parties espousing this view, fragile coalition governments in Holland and Belgium have thus far been unable to provide the Alliance with a firm guarantee that deployment of INF systems on their soil will be accepted. Although the Administration remains optimistic, the situation in Holland remains particularly difficult, as the Labor Party has formally served notice

that it will withdraw from the coalition, thus bringing down the government, unless a negative decision is announced. Britain and Italy have stood firm behind the NATO decision, though not without objections from opposition parties.

Attention is now focused on the Federal Republic, where Chancellor Schmidt's adherence to the "dual track" approach is expected to face a renewed challenge at the April SPD party conference in Munich. On January 25, the SPD executive Committee adopted a draft resolution on security policy for debate and approval by party delegates to the Munich conference. The resolution proposes that the party postpone to October 1983 making a final decision on accepting the new INF deployments. The resolution reiterates that the party will decide at that time whether a moratorium on new deployments "would improve the chances of success" of the on-going negotiations in Geneva.

U.S. defense officials worry that the January 25th resolution signals a retreat by the FRG government from the principle of "automaticity"; that is, the firm understanding that the deployments will go forward absent success in Geneva. The draft resolution seems to stand this relationship on its head by suggesting that a complete moratorium might enhance the prospects for a breakthrough. In conversations with staff, though, German defense and foreign ministry officials emphasized that the SPD draft resolution did not commit the government to all of its terms and that Chancellor Schmidt has declared that he still supports the December 1979 approach and the "zero option" negotiating position in full.

RELATION TO STRATEGIC ARMS CONTROL NEGOTIATIONS

In conversations in Bonn, staff was repeatedly advised that Chancellor Schmidt's position at the April SPD conference would be significantly strengthened if the United States would display more positive movement on arms control at the strategic weapons level. FRG foreign ministry officials point to President Reagan's November 18th speech and the saluatory effect it had in Europe, but they worry that the momentum created by the speech has been lost due to Poland. Absent new peace initiatives in Washington, German officials fear that the left wing of the SPD may expand its influence within the party, further straining the Chancellor's ability to hold the party in line on the INF issue.

German officials also stressed another important reason for the United States to get started with START: it could well contribute to progress in the INF talks. In the view of one FRG arms control official, Soviet interests in arms control will be directly engaged across-the-board once START is commenced. This, in turn, would promote a more responsible Soviet behavior in Geneva, with less grandstanding and more confidentiality in the negotiations. Moreover, once parallel START negotiations are underway, and a far broader range of weapons systems comes under negotiation, German officials hope that the Soviets might be more willing to make concessions in specified INF systems, such as the SS–20.

G. The Dutch Proposal

Within the last year or so, three alternatives to NATO's traditional doctrine and force posture have begun to emerge. The first, championed by the Dutch and endorsed by a number of civilian defense specialists on both sides of the Alliance, would still posit the primacy of the Soviet military threat to Europe but redefine the doctrinal underpinnings of NATO's deterrent response. The second, recently articulated to the Reagan Administration, would place a far greater premium on the global flexibility of U.S. forces. The third, less an alternative than a rejection of "business as usual" in NATO, is reflected in various calls now being heard in Congress for substantial U.S. troop withdrawals from NATO.

Later this year, the Dutch Government will release a new White Paper on defense. The policy statement is expected to recommend that NATO shed some of its battlefield nuclear roles and reserve intermediate-range systems only for the purpose of signalling a political intent to escalate to the strategic level. In return for NATO's giving up some nuclear roles (e.g., the nuclear 8″ artillery), the Dutch would propose that the Alliance undertake a substantial strengthening of its conventional defenses. On this point there are two schools of thought: those who concede that significantly *higher* defense spending would be necessary and those who believe that increased maneuverability and new technologies such as precision-guided munitions offer the promise of increased conventional capabilities at *lower* cost.

The concept of a new "trans-Atlantic bargain" where in the Europeans agree to take conventional defense seriously in return for lessened American emphasis on battlefield nuclear systems has produced an unlikely coalition of supporters:

—Officials in the Dutch Foreign and Defense ministries, who are increasingly driven to find a formula that will lead to parliamentary acceptance of Holland's participation in the INF deployment program and thus avoid the isolation of the Netherlands that they fear will otherwise ensue:

—Critics of flexible response, who believe that for NATO to take conventional defense seriously, it would have to turn away from forward defense and endorse a new doctrine of maneuver warfare;

—Elements of the anti-nuclear movement, some of whom recognize that strengthening conventional defense raises the nuclear threshold; others who see the abandonment of battlefield nuclear roles as the first step toward general nuclear disarmament.

Although the Dutch government is quite earnest about its proposals, it is not likely that they will attract wide support within official Alliance circles or trigger a fundamental reappraisal of NATO doctrine. One German military official advised staff that the FRG would not support the Dutch proposals "period." Neither the British nor German parliamentary defense committees have shown any interest in conducting inquiries on the role of short-range nuclear systems. And one U.S. defense official advised staff in Brussels that there was "no inclination whatsoever" at NATO headquarters to challenge MC 14/3.

Those who disparage the Dutch initiative raise a number of objections. First, they dismiss as totally unrealistic the call for a re-emphasis of conventional defense, citing the aforementioned fiscal, demographic, political, and doctrinal considerations. Second, they argue that since battlefield nuclear systems deter the Soviets from massing their armed forces, doing away with this capability would undermine the same conventional defense capability that the shift strategy would propose to strengthen. Moreover, there are presently no conventional substitutes for two of NATO's defensive nuclear roles: high altitude air defense (Nike Hercules) and barrier defenses (Atomic Demolition Mines).

Third, critics of the Dutch proposal point out that a shift of nuclear priorities is *already* underway. In addition to the 1,000 short-range nuclear systems withdrawn in 1980, the Alliance is committed by the terms of the December 1979 decision to remove another 572 short-range systems to make room for the new INF systems. In this respect, then, the Alliance will approach the mid to late 1980's far more weighted toward long-range nuclear systems than it began the decade.

Fourth, critics of the Dutch initiative see overtones of a return to "massive retaliation" in the proposal. FRG officials in particular believe that the Alliance must retain the capability to exercise a broad range of selective, and militarily relevant, nuclear options. Without the battlefield systems, one British defense official cautioned that NATO might well be self-deterred from making what he termed the "portentous" leap to retaliating directly against the Soviet homeland.

Lastly, NATO defense officials argue that *how* one reduces the number of battlefield system matters. In contrast to the Dutch proposal, which would have NATO abandon some battlefield nuclear roles unilaterally, NATO would prefer to reduce these systems in an arms control context, possibly in a "second tranche" at the Geneva INF talks.

H. Strategic Reappraisals in Washington

A more serious, though still embryonic, challenge to NATO's traditional defense posture lies in a new concept which Secretary of Defense Weinberger recently announced in his fiscal year 1983 defense posture report. In the report, Secretary Weinberger states that were the Soviets to attack in only one place (such as the Central Front in Europe), "we might choose not to restrict ourselves to meeting aggression on its own immediate front. We might decide to stretch our capabilities to engage the enemy in many places, or to concentrate our forces and military assets in a few of the most critical arenas."

The key to this more global and offensive-oriented strategy, which some observers have termed "horizontal escalation," rests in a reassertion of U.S. maritime superiority. As Secretary Weinberger's report notes, "The most significant force expansion proposed by the Administration centers on the Navy, particularly those components of it that have offensive missions." Navy officials now envisage a 600-ship Navy, led by 15 aircraft carriers with their associated air wings and escorts, which would form the primary offensive strike forces for "widening" the U.S. response to Soviet aggression wherever it might occur. In addition, the "new" Navy would include four sur-

face action groups centered upon the four cruise-missile equipped battleships now proposed for recommissioning.

Secretary Weinberger has stressed that the new "horizontal escalation" strategy does not conflict with NATO's flexible response doctrine, nor should it be interpreted as entailing any diminution of the U.S. commitment to the Alliance. In the opinion of DOD officials, the emphasis is on increased *flexibility*, which it attained, would strengthen, rather than detract from, current NATO capabilities. For example, staff was advised that the new carrier task forces could fight in the Mediterranean or Norwegian Seas and would not necessarily be committed to the Pacific or Indian Oceans. Similarly, the new strategic mobility forces proposed for procurement (such as the C–5, KC–10 and high-speed transport vessels), could be used not only to deploy the RDF, but also to reinforce NATO more quickly.

Although the Administration staunchly denies that it is moving away from NATO, many critics are not so sure. For the critics, the problem with the new Administration strategy is basically one of cost. Robert Komer, a former Under Secretary of Defense, has stated, "The real issue is whether we should sink so much of our constrained defense resources into offensive force projection by aircraft carrier task forces to make it impossible to meet our (NATO) and Persian Gulf commitments."

The fiscal bind created by the Navy's 600-ship objective was recently illustrated by the Congressional Budget Office. In an April 2 report, the CBO concluded that to achieve the Navy's force goals within the next 10 years, 176 new ships would have to be authorized over the next 6 years at a total cost of $119 billion. Once all shipbuilding and conversion costs are factored in, the price tag for shipbuilding and conversion in each of the next 6 years would be 2½ times the amount requested for these purposes in fiscal year 1982 authorization and 34 percent greater than that in the Administration's fiscal year 1983 request.

Many military leaders believe that there is approximately a $750 billion shortfall between the strategy they are charged with carrying out and the resources projected to be made available in the Administration's Five Year Defense Plan (FYDP). In Senate Armed Services Committee hearings earlier this year, Under Secretary of Defense Fred Ikle, as well as the chiefs of all four military services, testified that the FYDP would not provide forces that would have a "reasonable assurance" of carrying out all assigned tasks.

In the eyes of the critics of current Administration defense strategy, the United States must either generate far more substantial funds for defense or scale back some of its defense commitments around the world. What critics such as Robert Komer fear is that if the Navy's plans for a 600-ship navy are funded by Congress, our NATO treaty obligations will inevitably suffer, particularly given the mounting frustration within official circles in Washington over the burdensharing issue. In this respect, then, an alliance of sorts could well form between advocates of U.S. maritime supremacy and critics of "business as usual" in NATO. As Dr. Kissinger declared in a speech last December, "Sooner or later somebody is going to ask why we must have our largest force in an area that does not believe

in local defense, and why we cannot have local forces in regions that do believe in local defense, or at least where local defense is essential, such as the Persian Gulf and other threatened areas."

I. Revival of "Mansfieldism"

The question of troop reductions has indeed surfaced in Washington. Prominent Americans from across the political spectrum have recently suggested that the time is now appropriate to reconsider the size of the American troop presence in Europe. In many cases, these comments are clearly born of frustration. In some cases, they are calculated to elicit more positive responses from the European allies. The idea has again taken hold in Congress, where conservatives dissatisfied with Europeans on the burdensharing issue are joined by liberals who see troop reductions as a way to lower defense spending.

Arguments made today in favor of unilateral withdrawals fall into roughly three categories. First, threatening this step is seen by some as a means of forcing our allies into implementing more severe sanctions relating to the U.S.S.R. because of its intervention in Poland and elsewhere. Second, unilateral U.S. withdrawals are seen by others as a direct, though admittedly heavy handed, way to force the Europeans to assume a greater burdensharing role. Third, withdrawal of some U.S. troops is recommended by others as a means of achieving greater flexibility from a purely U.S. military standpoint. Some military planners apparently favor withdrawing several maneuver battalions from Europe for restationing in the United States in order to have the forces available for deployment to other parts of the world.

Discussion with dozens of influential European politicians, military officers, and representatives of the peace movements indicated almost unanimous opposition to the unilateral reductions of U.S. forces and dire predictions of the consequences if such a move were undertaken. Europeans might conceivably concur with a withdrawal if it were part of an overall redefinition and reorientation of NATO doctrine and strategy. But a unilateral and precipitous U.S. action would clearly provoke universally negative reactions.

One official on the NATO staff stated that such a move would produce an abiding "feeling of despair," and result in "the antithesis of what is in the U.S. interest." Europeans would contribute less to burdensharing, they stated, because to some the move would seem to signal a reduced Soviet threat, whereas to others it would signal the loss of U.S. confidence in Europe and foster a fatalistic attitude leading to accommodation with the Soviet Union.

German responses were, with one exception, similar in spirit. "A Mansfield amendment would be absolutely disastrous for us," and "force us to go to nuclear war even earlier." It would not only break the back of NATO, a German General stated, but put in doubt the whole concept of forward defense. Another General viewed it as politically "disastrous," the undermining of MBFR, and presaging the failure of any European effort to compensate for the withdrawal. Numerous other German officials echoed similar sentiments of alarm. Even the one German who supported the idea, the leader of a peace movement, freely acknowledged that significant withdrawals could

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mean the end of NATO and an inevitable accommodation with the Soviets—a risk, though, that this individual was willing to take.

Dutch officials were adamant that withdrawals guaranteed accommodation with the U.S.S.R., and would signal the end of U.S. interest in Europe. A Socialist MP asked "Where can you find better allies than in Europe?" Withdrawals would be "blackmail," he stated, they would foster "mutual mistrust" and kill any hope for MBFR. Even members of a Dutch peace group stressed that "you should get a price from the Soviets" for any withdrawals.

British officials warned that a U.S. withdrawal would lead to a cut in the British Army of the Rhine. Others interviewed in London viewed it as the end of U.S. interest in Europe, the withdrawal of the U.S. nuclear umbrella, and a hint to the U.S.S.R. that an attack on Europe might not be an attack on U.S. interests.

The preceding quotes and opinions were only a sampling of the deep and profound concern that Europeans felt about withdrawals. They viewed them not only as an affront to themselves and NATO but also as the beginning of the end of their ability to defend Europe. Even the most conservative Europeans who acknowledged that the threat of U.S. withdrawals "might awake Europe from its slumber" stated that carrying out the threat would prove disastrous.

Unilateral withdrawals of any significant size would also undercut or complicate on-going and proposed arms control negotiations related to Europe. In general, all arms control talks would suffer in the sense that the Soviets would perceive that the Administration was being forced to act contrary to its wishes, that the NATO alliance was weakening, and that U.S. military capabilities in Europe were eroding. The U.S.S.R. might well become more intransigent on its positions in the INF and MBFR talks.

The negotiations on Mutual and Balanced Force Reductions (MBFR) would be the most obvious casualty of a U.S. unilateral withdrawal. These negotiations began under the shadow of the earlier Mansfield amendments, when the United States felt that if troop reductions were inevitable some quid pro quo might be arranged with the U.S.S.R. To an extent, the negotiations served as a means of deferring the Mansfield amendments. It was clear in the early 1970's and is equally certain now that a unilateral reduction would foreclose any hope of securing a Soviet reduction in conventional forces in Europe. The U.S.S.R. might elect to withdraw some forces but purely on its own terms and without any legal guarantee that it could not reintroduce them, plus more, for that matter, at anytime that it chose. All hope of a cap on force ceilings would evaporate.

The unilateral withdrawals would also undercut MBFR by indicating that the principle of collective decisions under which NATO has operated since the genesis of the negotiations was at an end. The U.S.S.R. would likely be emboldened to negotiate individually on military matters with NATO states rather than restrict its talks, for the most part, to the Alliance itself. The consequences of any such bilateral negotiations on military matters between our NATO allies and the U.S.S.R. are varied, but the influence of the United States would absolutely decline.

The undercutting of the MBFR talks would not only end hopes for a cap on force sizes or a reduction in size, but also could cripple or

end all hopes for confidence-building or stabilizing measures, such as provisions for inspection and verification. These areas are fruitful ones for arms control, and the Soviets have recently expressed some interest in them. Whatever incentives the Soviets now have for considering them would dissolve once they sensed that all that they had to do was stall and allow the NATO alliance to disintegrate.

If the U.S. military were to conclude that it must withdraw some forces for sound military reasons, the MBFR talks remain the only vehicle whereby that could be accomplished without weakening our conventional capabilities. Despite the years that these negotiations have dragged on, there have always been some signs that the Soviets would withdraw some of their forces, and as long as the negotiations continue there is always a vehicle for striking some bargain with the U.S.S.R. to complement our own reductions. A unilateral withdrawal would throw away that option. If the United States thought that it might turn its withdrawal to some propaganda or other advantage, the Soviet experience of unilaterally withdrawing a division in 1980 did not produce for them the desired results. The United States, it is true, withdrew 1,000 nuclear warheads from Europe, but the Soviets believed that these were obsolete ones and of little value. The U.S.S.R. also did not receive credit for the withdrawal of the division in terms of MBFR because departure of the unit was not verified. Hoping that some advantages will accrue from a unilateral U.S. withdrawal seems risky indeed.

A unilateral withdrawal would also complicate other arms talks such as those in Geneva on Intermediate Nuclear Forces. By reducing U.S. conventional options, the nuclear ones would perhaps become more crucial. The United States could find itself in the position of antagonizing its own allies by having to insist on the introduction of even more nuclear forces into Europe and at the same time make the already difficult talks with the Soviets even worse or make them impossible. To some extent, other arms control fora such as the Conference on Security and Cooperation in Europe would be affected, probably in the sense that U.S. influence would be far less.

Chapter 6

THE ANTI-NUCLEAR MOVEMENT IN EUROPE

The autumn of 1981 witnessed some of the largest political demonstrations in Europe's postwar history. An estimated 250,000 people assembled in Bonn, London, and Rome in October and 400,000 turned out in Amsterdam in November to protest against nuclear weapons in Europe. In West Germany, as many as 2 million people have signed the Krefeld Appeal to stop deployment of intermediate range nuclear weapons in Germany. Public opinion polls shows that unconditional opposition to the deployment of intermediate range nuclear weapons continues to grow. Peace activist groups are overwhelmed by the public support they receive and have turned to computers to keep up with the mail. Socialist and Social Democratic parties in Germany, Holland, Belgium, Britain, and Italy have been heavily influenced by the nuclear disarmament movement. This chapter assesses the nature of the anti-nuclear movement, the reasons for its popularity, its basic purposes, and the impact it is likely to have on NATO governments.

A. The Public's Opinion

There is a new anxiety at the grassroots level in Europe about nuclear war. While in Brussels, we heard stories about previously apolitical grandmothers who were organizing against nuclear weapons. One German SPD leader told of recurring dreams of war that she had not had since World War II. Dutch friends with no expertise in defense policy suggested that there was a possibility of nuclear war this year.

This new anxiety has led to a revival of anti-nuclear sentiment that should not be confused with anti-Americanism, neutralism, or unilateral nuclear disarmament—though the peace movement has elements of all three. Public opinion polls taken during the past year (see Table 7) indicate that pro-American sentiment remains strong throughout most of Europe despite some slippage in countries like Britain. In Germany, for example, a poll indicates that in September 1981, more people said they "liked Americans" than at any time since 1965. Only two out of seven countries in an October 1981 poll, however, registered a majority expressing "confidence" in the United States. Support for NATO also remains relatively high in all European countries, though neutralist sentiment has gained on the order of 5 to 10 percent during the past year. West Germany still registers over 75 percent support for remaining in NATO. Despite some shifts in opinion, therefore, the polls show that neutralism and anti-Americanism have not taken hold in Europe.

TABLE 7.—CONCLUSIONS OF RECENT OPINION POLLS

Anti-Nuclear Movement

* Nuclear Pacifism increased in Europe during 1981 in most major countries. Opposition to nuclear weapons use of "any kind under any circumstances" grew to become the prevailing view in Italy (55 percent) and the Netherlands (50 percent) but had less than 40 percent support in West Germany, France, and Britain. About 75 percent of Britains favor maintaining or increasing their nuclear capability.
(ICA polls in July and October, 1981)

Opposition to INF Deployment

* About three-fourths of those aware of President Reagan's November 18, 1981 zero option speech in West Germany, Britain, and the Netherlands approved of the President's negotiating plan. Of those aware of the proposal made by Soviet President Brezhnev, about 50 percent approved his plan as well. Yet a majority of those polled in each country did not believe that INF negotiations in Geneva would succeed in the next 2 years.
(ICA poll in December 1981)

* Despite widespread approval of President Reagan's zero option proposal, opposition to INF deployments increased in December 1981 in West Germany, Britain, and the Netherlands. Unconditional opposition to INF deployment reached a majority for the first time in the Netherlands (52 percent). Unconditional opposition to INF deployment climbed to about 40 percent in West Germany and 36 percent in Britain, an increase of more than 10 percentage points during the year.
(ICA polls December 1981 and January 1982)

* Other surveys indicate, however, that opposition by the European public to INF deployments drops by 10 to 20 percentage points when information is provided about the Soviet INF lead and when deployment is linked to arms reduction talks.
(ICA poll October 1981)

Opposition to Neutron Weapons (ERW)

* Solid majorities exist in all European countries against production (60–70 percent range) or deployment (70–80 percent range) of neutron weapons. There is a reduction of 10–15 percentage points in the level of opposition when they are further described as anti-tank weapons.
(ICA poll October 1981)

Anti-American Sentiment

* The anti-nuclear sentiments in Europe do not necessarily correspond with anti-Americanism. In Germany, more people told a September 1981 Allensbach Poll that they "like Americans" than at any time since 1965. In Britain, however, U.S. unpopularity rose to 38 percent in late 1981. Favorable general opinion of the United States was the majority sentiment in seven countries surveyed in October 1981. Italy and West Germany were the most pro-American, with two thirds of those asked expressing a good opinion of the United States. Only two of the seven countries, however, had a majority express "confidence" in the United States.
(ICA poll in October 1981, Allensbach Polls 1957 to 1981)

Support for NATO

* Support for NATO continues to predominate in all major West European countries, although neutralist sentiment has gained on the order of 10 percent. Support for NATO is strongest in West Germany (where 78 percent want to remain in NATO) and weakest in Italy (49 percent support) and France (where a plurality prefers neutrality). A majority of those polled in all countries except West Germany preferred their governments to do "everything possible" to stay out of disputes between the United States and U.S.S.R.
(ICA poll in July 1981 and Allensbach poll in May 1981)

A certain degree of anti-nuclear sentiment has taken hold, especially in the case of the enhanced radiation weapon (neutron bomb). Polls show that about two-thirds of all Europeans oppose production of the neutron bombs, while three quarters oppose deployment in Europe. Opposition to the deployment of intermediate range nuclear forces (INF) in Europe grew by about 10 percent in 1981 despite President Reagan's November 18, 1981 zero option speech. Polls further show that while his negotiating proposal was widely approved, a majority does not believe the negotiations will succeed within the next 2 years. Possibly as a result of this pessimism, unconditional opposition to INF deployment continues to rise. More than 60 percent of the people in West Germany and Britain, however, still support deployment as long as it is tied to the Geneva INF negotiations. Nuclear pacifism also continues to grow in Europe, with a majority in Italy and the Netherlands now opposing any use of nuclear weapons. This has not, however, translated into overwhelming support for unilateral nuclear disarmament throughout Europe.

In Britain, for example, where the anti-nuclear movement is generally considered strong, three-quarters of those polled still favor maintaining or increasing Britain's nuclear capability. The anti-nuclear movement therefore, is still far from gaining a majority for unilateral nuclear disarmament.

The new anxiety in Europe about nuclear war has thus not yet led to a significant majority against United States positions on nuclear issues, with the exception of neutron bomb production. It certainly has not led to widespread anti-Americanism or desires to abandon NATO. But trends are in the wrong direction, and therefore it would be a mistake to dismiss the new sentiments in Europe too lightly.

B. Reasons for Europe's New Anxiety

There is no simple answer to the question of what drives Europeans to demonstrate against nuclear weapons, to sign petitions, and to register their anxiety with opinion polsters. The answer lies in a combination of at least five different factors.

First there is a renewed public debate about the meaning of the NATO flexible response doctrine which was set off by the development of highly accurate nuclear weapons and public discussion in Washington of nuclear war fighting scenarios. The debate began under the Carter Administration with decisions on the neutron bomb and PD–59. The neutron bomb, Europeans feel, will lower the nuclear threshhold because commanders may be more likely to use a "clean bomb" on the European conventional battlefield. The counterforce

targeting doctrine of PD–59 further created fear that limited nuclear war was not only thinkable but that plans were being made for just such an eventuality. The British decision to purchase the highly accurate Trident missiles and to reemphasize civil defense created further unrest in the UK. While the British Government exacerbated public fear by decisions over which they had some control, the sense of lack of control over superpower decisions complicated the problem in West Germany and Holland.

The Reagan Administration, which was eager to create a sense of credible deterrence at all levels of nuclear escalation, seemed to confirm Europe's worst fears with off-the-cuff statements about nuclear demonstration blasts, NATO's first use doctrine, and Japan "flourishing" despite two nuclear attacks. Television programs showing U.S. Armed Forces planning for nuclear war in Europe brought the flexible response debate into European living rooms.

Second, almost the entire nuclear debate has recently focused on the December 1979 NATO decision to proceed with INF deployment plans while negotiating reductions in Geneva. While Chancellor Schmidt intended the decision to confirm that West Europe would remain "coupled" to the United States despite SALT II, critics argued that deployment is unnecessary, may make Europe a higher priority target for the Soviets, and in fact could create a new kind of decoupling.

In addition, the December 1979 INF decision also created public relations problems. All the public focus was on deployment rather than negotiations for almost 2 years. Further, the term initially used to describe the systems was "theater" nuclear weapons, implying use in Europe only. And finally, the slow pace of deployment gave opposition groups 4 years to change final government positions on deployment.

Third, the limited nuclear war debate coincided with the demise of détente and fears that United States interests elsewhere in the world might drag Europe into war. Many European activists blame the United States for the demise of détente, despite Soviet action in Afghanistan and Poland, and tend to see U.S. sanctions on the Soviets as an overreaction. They see the failure of arms control as symbolic of the end of détente. But most importantly, they express concern about the confrontational anti-Soviet rhetoric they hear from Washington and contrast it with President Brezhnev's "arms control" and "peace proposals." Soviet propaganda has been very effective in pointing out these differences.

The President's recent zero option proposal and statements denying the intent to use U.S. forces in El Salvador may help, but the United States is currently still behind in efforts to explain its policies to the European public. As one observer stated, many Europeans believe the United States is trigger happy.

A fourth factor is the economic recession which has now caused European unemployment to exceed 15 million. Many tend to blame the recession on high U.S. interest rates. High youth unemployment is a breeding ground for the protest movement, especially in Britain. Labor unions and local labor parties, unable to provide relief for their members, have turned to political activism and have focused on the nuclear issue.

And finally there are several cultural changes underway in Europe which contribute to the peace movement. Many of Europe's young people are rejecting materialism and commercialism much as American youth did during the late 1960's, and Europe's youth tends to associate America with those values. Some of the older generation are also rejecting U.S. leadership in the wake of Vietnam, Watergate, and Iran. And at the same time there is a resurgence of nationalism in Germany as that country begins to seek a new identity in the decade of the 1980's.

C. Groups That Lead the Movement

Peace activists in Germany and Britain all agreed that the current European anti-nuclear movement had its origins in Holland. The Dutch Inter-Church Peace Council (IKV), together with Pax Christi and the Stop the Neutron Bomb Movement, coordinate disarmament activities in Holland. Of these, IKV appears dominant, and indeed, Pax Christi is part of IKV. Organized in 1966 and revived in the mid-1970's by its current chief administrator, mathematician Mient Jan Faber, the IKV has close ties with virtually every established church organization in the Netherlands. It has created 400 active "centers" throughout the country with 10 to 30 members in each center. IKV also has close ties with many parliamentarians. This combination of establishment credentials, local power bases and ties with government made IKV extremely effective in the 1977 campaign against the neutron bomb and it continues to be effective in its more recent activities against INF deployment. Together with Pax Christi, a Catholic peace group with its international headquarters in Belgium, IKV has effectively used the slogan "Rid the World of nuclear weapons and begin in the Netherlands." It organizes not just in Holland but assists disarmament groups in West Germany and has ties with church groups in Eastern Europe.

The German disarmament movement is much less centrally organized than in Holland, and in the words of Green Action Party leader Petra Kelly, "its bureaucracy is getting worse than at the European Economic Community" where she works. The German movement consists of what one German observer called a "strange cocktail" of organizations. They include the environmentalist (the Green movement), various youth groups that are associated with major political parties (the JUSOS and JUDOS), religious groups such as the German Council of Churches, and student groups. These groups are also joined by several retired generals and some left wing SPD members. There are clear indications from interviews in Bonn that while the diverse German movement was able to coalesce last October for the Bonn demonstrations, it is now dividing over future directions and tactics.

The hundreds of anti-nuclear groups in Britain are effectively coordinated by the Campaign for Nuclear Disarmament (CND), the group that orchestrated massive ban the bomb demonstrations in the early 1960's. Like IKV in Holland, CND has about 400 regional branches that prove very useful in organizing mass demonstrations. CND also has close ties with the British Labor Party whose leader, Michael Foot, was a CND activist during the 1960's. CND is now run by the energetic Monsignor Bruce Kent who has in the last few years

taken the long dormant organization and built a powerful lobbying group. A second important group in Britain is the European Nuclear Disarmament movement (END) which is affiliated with CND. Whereas CND's role is mass organization, END organizes international conferences and seminars on disarmament throughout Europe. In addition to these principal organizations, many professionals such as scientists and journalists are organizing separate groups that focus on disarmament issues. By and large, Britain's peace groups have been relatively successful, and have forced the Government to engage in what one observer has called "the battle of the pamphlets."

There is no real infrastructure to the anti-nuclear movement in Italy, France, and Portugal, but rather demonstrations are orchestrated in large measure by local Communist Parties. In Italy, the Communist Party plays less of a direct role than in France or Portugal. The peace organizations in Rome are quite new. The group that ran the October 1981 mass demonstration in Rome had been in existence for about 2 months. The Italian Communist Party had been reluctant to associate itself too closely with unilateral disarmament, but quickly organized massive arms control demonstrations when it appeared that the centrist parties might steal their thunder. The Communist Party in France has been less successful in organizing mass campaigns, except in the case of the neutron bomb. French observers credit the well established policy of a French independent nuclear force with the absence of much anti-nuclear sentiment in France. The movement in Portugal is also quite small and is dominated by the Communist Party.

The movement in Belgium and Scandinavia has also picked up momentum during the past 2 years. In Belgium, opposition grew out of the environmental and anti-nuclear power movements and combined with Pax Christi and the Socialist Parties to form a moderately influential movement. The Nordic countries have a long history of active concern about nuclear weapons. In Norway, new groups like the "No To Nuclear Weapons" group have been more successful than their counterparts in Denmark. In Iceland, much of the revived activity has been aimed at the U.S. Air Base in Keflavik.

D. Soviet Involvement in the Movement

Many Americans tend to overemphasize the extent to which the nuclear disarmament movement in Europe is controlled by the Soviet Union. The Soviets clearly attempt to support and influence the movement in many ways, but they did not create it nor do they direct it.

The Soviets do try to influence the nuclear disarmament movement in many ways. They try to operate through national Communist parties (see Chapter 8). Local Communist groups have had success in efforts such as Germany's Krefeld Appeal and Holland's Stop the Neutron Bomb Campaign. The Soviets also reportedly funnel money into West European demonstrations, but peace movement sources indicate that it probably constitutes only a very small portion of overall funding. Finally, the Soviets dominate groups such as the World Peace Council and the World Federation of Trade Unions that in turn are active in public demonstrations.

The major "establishment" peace groups in Europe—such as Britain's CND and END, Holland's IKV, Belgium's Pax Christi, and

Germany's Green Movement—do have ties with Communists, but most would agree with CND's leadership that they "have their Communists pretty well tied down". They all deny taking any money from the Soviet Union or Eastern Europe, noting as did Pax Christi's Guy Dilweg that "that would jeopardize all our endeavors." Although the Soviets would benefit if these "establishment" peace groups could implement many of their goals, it is a mistake to see them simply as Soviet pawns.

E. Immediate Prospects for the Movement

The nuclear disarmament movement may have suffered temporary setbacks during the past winter as a result of President Reagan's November 18, 1981 zero option speech and the Soviet backed imposition of martial law in Poland. Most leaders of the various peace groups interviewed admit this, even though the polls show continued increases in opposition to INF deployments. They believe, however, that the impact of President Reagan's speech will be short-lived. In any event, movement leaders agreed to minimize mass demonstrations in 1982 and to concentrate instead on the period in 1983 just before final INF deployment decisions are made by NATO governments.

The movement should thus not be discounted because of a dormant period in 1982. The organizations and the anxieties remain and can be called into action quickly if the opportunity is provided. Many observers believe that the recent U.S. decision to produce binary chemical weapons will trigger a severe response in Germany this spring. In addition, the U.S. nuclear freeze movement is beginning to have the effect of reinforcing the European anti-nuclear movement.

The most immediate effect of the movement's long winter may be a tactical shift to civil disobedience by smaller groups. Some movement leaders encourage it while others fear it, but all are agreed that it is likely to come. Massive demonstrations are now being planned for President Reagan's June visit to Bonn, Germany's Green Action Party leader Petra Kelly told us "I am for blocking airports . . . the NATO meeting should be held in the air." IKV and CND leaders both indicated their concern about the drift toward civil disobedience, but both indicated they would support it if necessary to stop cruise missile deployments.

F. Goals of the Movement

The diverse European peace movement has many goals and views of the world, but after a series of interviews with its leaders, certain common themes emerge. The most binding theme is that the presence of nuclear weapons is a threat to Europe rather than a deterrence, and hence nuclear weapons should be removed—unilaterally if necessary. They reject any thought of nuclear warfighting doctrine in favor of massive nuclear retaliation or no retaliation at all. Those that support massive retaliation are either willing to rely on U.S. central strategic nuclear systems or on sea-based nuclear weapons controlled by Europe. Those that prefer no retaliation at all would, in the words of Petro Kelly, rather "take the risk of Soviet blackmail than the risk of nuclear war." Most would like to see the creation of a European Nuclear Free Zone.

Movement intellectuals agree that a denuclearized Europe would need to rely on a strong conventional military capability to provide some defense. They are not, however, willing to spend vast sums to enhance this conventional capability. They argue that in a defensive war, Europe's current conventional armies armed with some additional precision guided munitions can overcome the artillery, tank and manpower imbalances that exist with the Warsaw Pact. Such a conventional military capability, they believe, should provide an adequate deterrent against a Soviet attack. Only if these defenses fail completely should the West even consider strategic nuclear options.

Some movement leaders also have broader visions of political realignments in Europe. They seek an end to European involvement in superpower ideology and a withering away of the East and West Blocs. In this respect, martial law in Poland came as a big blow to them. They seek a unified neutral Europe that is safe because it threatens no one. Other movement leaders have somewhat less romantic notions of the future and simply seek "greater neutrality within NATO."

In the shorter run, the anti-nuclear movement has more modest goals. They include putting pressure on U.S. INF negotiators in Geneva to show greater flexibility and bringing governments to power that might reverse the NATO decision to deploy land-based INF weapons in Western Europe.

It is worth noting again that the unilateral aspect of nuclear disarmament, neutralism, and unconditional rejection of INF deployment may be movement goals, but these are not goals of the majority of Europeans. They certainly are not the views of European governments.

G. Impact of the Nuclear Disarmament Movement on European Governments

The immediate test of the impact of the nuclear disarmament movement on European governments will be deployment of intermediate range missiles, and it appears that several governments may have serious problems passing that test.

The situation in Germany is often considered most important because the Federal Republic's size, location and resources are central to NATO's defense posture, and because Chancellor Schmidt initiated discussions in 1977 that led to the INF deployment plan. Germany will most likely agree to deployment of both cruise missiles and Pershing II missiles as long as Italy and Britain agree to cruise missile deployments. The price could be quite high for Chancellor Schmidt, however, in terms of this relationship with much of his Social Democratic Party (SPD) and his own Free Democratic Party (FDP) coalition partners. If the Schmidt government should fall, it would most likely be replaced by a center-right coalition that would continue his deployment policy.

Chancellor Schmidt's basic problem is that SPD regional parties show distinct signs of rejecting his INF decision. About half of all the resolutions proposed by regional party conferences for SPD Conference consideration during its April 1982 meeting in Munich deal with INF deployment. The SPD Executive Committee strongly sup-

ports Schmidt's position and a leadership group has proposed a draft resolution intended to form a compromise in April. The leadership draft would delay final SPD decisions on deployment until the Fall of 1983 and calls for the Geneva negotiations eventually to take British and French nuclear systems into account.

If left wing SPD members can add language to the resolution opposing deployment or calling for a moratorium on INF production, then Schmidt may feel compelled to resign as Chancellor. Schmidt is now expected to survive this test with the support of Willy Brandt and Egon Bahr, but the vote may be close. Meanwhile, Foreign Minister Genscher is reportedly frustrated with the SPD situation, but breaking up the governing coalition could cause a crisis within his own divided FDP. In the Bundestag, SPD and FDP party discipline is expected to hold with only few exceptions, so the votes are there to support deployment. But the rift between the left and the center in German politics is expanding rapidly over nuclear issues in a way that could yet rip the fabric of both the SPD and FDP.

The British political scene today is not far from where Germany's might be if Chancellor Schmidt resigned. The conservative government of Prime Minister Thatcher remains in control, though its growing unpopularity could force elections prior to the May 1984 deadline. The Labour Party recently split over several issues including nuclear weapons, and the new Social Democratic Party is forming a tacit center alliance with the Liberals. The Thatcher government remains fully committed to cruise missile deployment and to the purchase of U.S. Trident missiles for British submarines.

The CND view of nuclear disarmament is now predominant in the Labour Party, however, and should Labour return to power, there would be dramatic changes in Britain's nuclear weapons policy. Danzel Davis, a Labour Front Bench Defense spokesman told the staff. "If we form the next government, we will cancel the Trident and refuse to deploy cruise missiles . . . the only question will be what do we do with our Polaris subs and with American forward bases . . . I do not think we will leave NATO." The debate within Labour would be between the more conservative shadow cabinet and the fairly radical National Executive Committee. A compromise would probably be worked out, but Labour's current drift remains in the direction of radical action. Observers agree that an election held today would give Labour a plurality, but analysts disagree on whether Labour could survive for long as a minority government. Without a coalition with the center alliance, which Labour currently rejects. Labour might not have the strength to implement its nuclear plans. With a coalition, Labour's nuclear plans would have to be significantly modified. The probability that Britain will proceed with its current nuclear plans are therefore good, but less certain than in Germany.

In Holland, the church-oriented nuclear disarmaments groups have focused their attention on both the left wing Labour Party and the centerist Christian Democrats. The fragile center-left coalition government took months to build and is paralyzed on the nuclear issue. The left wing in Parliament has gained considerable expertise on nuclear issues and tends to dominate Parliamentary debates. The government is now looking for ways to reduce or eliminate Holland's current tactical nuclear roles in NATO. Dutch foreign policy bureaucrats

wonder out loud if Dutch politicians retain the courage to fight for cruise missile deployment and they despair at Holland's position in Europe if it alone fails to implement NATO's dual track decision.

The Dutch conservative Liberal Party, however, has gained significantly at Labour's expense in recent polls and local elections, and if a new election were held, a new center-right coalition might have a better chance to overcome the obstacles to INF deployment. To accomplish this, a center-right government would probably have to (1) demonstrate that the United States had negotiated in good faith in Geneva, (2) gain some offsetting reduction in NATO's tactical nuclear missions, and (3) show that all other relevant NATO countries were proceeding with deployment. Even under these circumstances, a center-right Dutch government would face massive demonstrations if it attempted to deploy cruise missiles.

Despite the lack of large demonstrations, the prospects for INF deployment in Belgium is only slightly better than in Holland. Flemish Socialists have been particularly active in their opposition to deployment, and the issue has become hostage to more urgent linguistic and economic problems. The Belgian Government seems content for now to delay a final decision on INF deployment. A resolution of the Belgian Parliament passed early in 1982, however, is being interpreted to mean that Belgium may still proceed with deployment.

The Italian Government faces a high degree of public concern over nuclear disarmament, but until recently the Communist and Socialist Parties avoided much public discussion of the issue. Unless their participation in last October's demonstrations in Rome signals a major policy change for these two parties, the Italian Government should be fairly free to implement NATO's nuclear policy.

France, of course, implements its own nuclear policy without much opposition. President Mitterrand has been very supportive both of the U.S. decision to produce enhanced radiation weapons and of NATO's INF policy.

In summary, the nuclear disarmament movement has created the prospect that Holland and to a lesser degree Belgium may default on NATO's nuclear deployment policy. There is a risk that Britain too might default if the Labour Party is able to form a viable minority government. Unless all three of these countries decide not to deploy, it is quite likely that both Germany and Italy will be faithful to the December 1979 decision.

Chapter 7

GREEK-TURKISH ISSUES: IMPLICATIONS FOR THE UNITED STATES AND NATO

A. Background

The United States has for more than a decade found itself in the unenviable position of being in the middle in a series of ongoing disputes between two of its NATO allies, Greece and Turkey. Greek-Turkish differences include their divergent perceptions of each other's intentions in the Aegean and on Cyprus; the amount of U.S. military assistance levels they believe should be provided to each of them; and the role of NATO in serving their respective national interests.

Many Greeks today still believe that the United States has frequently meddled in the politics of their country, that the United States was somehow responsible for the installation of the colonels and the military dictatorship in Greece (1967–74), and that the United States has consistently leaned toward Turkey since the Turkish intervention in Cyprus in 1974. Some also contend that the United States and NATO quietly acquiesced in the Turkish intervention.

Similarly, the United States faces a residual mistrust from sectors of the Turkish populace for what they consider to be the unjust imposition of a partial arms embargo from February 5, 1975 until September 26, 1978 in the aftermath of the Turkish intervention in Cyprus. This embargo, they believe, had a serious effect on Turkish military readiness and on Turkey's ability to perform its NATO responsibilities.

Because of their geo-strategic locations, their historic commitments to democracy, and their ties to the West, Greece and Turkey are both important to the strength of NATO's southern flank. America's and NATO's security interests are closely tied to those of both Greece and Turkey. A U.S. military presence and U.S. military assistance have also been vital elements in the region's defense against a possible Soviet attack since World War II.

The successful resolution of Greek-Turkish differences over Cyprus and the Aegean remains to be realized. The interests of the Greek, Turkish, and Cypriot peoples, as well as those of NATO, the United States, and collective Western security, would be served should this goal be achieved.

A number of significant events have taken place in both Greece and Turkey since the Committee staff last reviewed critical issues involving the two countries. In 1980, Turkey found itself beset by rampant acts of terrorism and serious political instability which jeopardized the normal life of the country and safety of the average citizen. In this context, on September 12, 1980, the Turkish Armed Forces, led by the

General Kenan Evren, Chief of the General Staff, took power, dissolved the parliament, suspended the constitution, and applied martial law throughout the country. The military government soon took steps to restore order, pledged its commitment to democracy, and set a timetable for the return of civilian rule under a new constitution. In Greece, the most dramatic event has been the decisive victory of Andreas Papandreou and the Pan-Hellenic Socialist Movement (PASOK) in the Greek national elections held on October 18, 1981.

The most immediate bilateral issue effecting Greek-Turkish relations today is the Greek insistence on a security guarantee from the United States and/or NATO directed against Turkey in view of a Greek perception of a Turkish military threat to the Greek islands in the Aegean. Compounding the differences between Turkey and Greece is the Turkish perception that the Greek demand for the security guarantee is merely a guise for Greece's designs to extend its territorial waters to 12 miles and make the Aegean a Greek sea—thereby depriving Turkey of free access to the Aegean and of its share of mineral resources that may exist in the Aegean continental shelf.

B. PASOK Election Victory in Greece

On October 18, 1981, PASOK won a decisive victory in Greek national elections over the incumbent conservative New Democracy Party (NDP) government of George Rallis. PASOK won 172 of the 300 parliamentary seats with the support of nearly 7 million voters or 48.06 percent of the electorate. The New Democracy Party had been convincingly elected to power after the collapse of the colonels' junta in 1974 in the wake of the Cyprus crisis. From 1974 to 1980, New Democracy was led by the present President of Greece, Constantine Karamanlis. Under the NDP, Greece re-entered NATO's military wing and joined the European Economic Community.

PASOK ran its election campaign with the slogan "allagi" or "change." Prime Minister Papandreou promised change across all sections of society and pledged to halt the 25 percent inflation rate and to inaugurate socialist domestic economic and social reforms. The average Greek voter seems to have been largely concerned with domestic matters. The PASOK platform, however, also called for fundamental innovations in foreign policy, including possible Greek withdrawal from NATO, phasing out of U.S. bases in Greece, reappraisal of Greek membership in the E.E.C. and a tougher Greek stance regarding Cyprus and Turkey.

Prime Minister Papandreou has yet to clearly formulate and implement the new foreign policy of his government. His party's lack of experience in government and the time needed to place PASOK members into positions within the bureaucracy help explain this delay. While ideologically committed to the vision of a Federal Europe and a Europe without blocs—either NATO or the Warsaw Pact—in practice Papandreou has stated that Greece "does not want to take unilateral measures and pull any surprises" and is prepared to discuss relations with NATO and the United States in the belief that a mutually acceptable solution to differences can be found. The Prime Minister has, in this vein, continually indicated that easing Greek anxieties about Turkey would be a major contribution to such a solution.

C. Greek Involvement in NATO

Greece returned to the NATO integrated military command structure on October 22, 1980, as the result of a proposal developed over a 2-year period known as the "Rogers Plan", an interim arrangement which left the question of NATO command and control arrangements in the Aegean to be worked out at a later date between the military authorities concerned. The basic issue of contention between Greece and Turkey which has prevented resolution of command and control questions in the Aegean is Greece's desire for the reestablishment of the pre-1974 areas of operational command and control and Turkey's desire not to return to the 1974 designation of these areas which Turkey had previously protested. Establishment of a 7th Allied Tactical Air Force (ATAF) in Larissa has yet to be concluded because of these differences. At the heart of the problem lies Greek and Turkish differences over national sovereignty and air space issues. The Greek Government clarified its position on the reintegration question by noting in January 1982 that Greece considers the reintegration agreement known as the "Rogers Plan" as valid, while making it clear that implementation remains an open question.

The future of the Papandreou government's relationship to NATO remains somewhat uncertain. Prime Minister Papandreou has, however, alluded favorably to the French model as a prospective basis for continued Greek participation in NATO. In terms of its relationship to NATO, the Greek Government's overriding concern and preoccupation is not the threat from the North—the Warsaw Pact/Soviet Union—but what is perceived as the threat from the East—Turkey. Papandreou faults NATO for having failed to prevent the 1974 Turkish intervention in Cyprus, and used the December 1981 NATO Defense Planning Committee (DPC) meeting to call for a security guarantee of Greece's Eastern frontier. The DPC was unable to devise a formula satisfactory to Greece, and, as a result, for the first time in NATO history a communiqué was not issued after a meeting of the DPC. The United States and other NATO countries contend that such a guarantee is implicit in the NATO membership, and that a formal guarantee would be viewed and interpreted as an affront to Turkey.

Although Papandreou may feel that Greece should follow its own brand of socialism and become non-aligned, he and his government have yet to determine whether such a move would be in the best interests of Greece, leaving the matter open and holding out the prospect of an eventual accommodation with the Alliance.

D. U.S. Installations in Greece and U.S. Military Assistance

The major installations in Greece utilized by the United States are Souda Bay Air Base and Irak Lion Air Station in Crete; Hellenikon Air Base in Athens; Nea Makri naval communications station near Athens; and a number of communications sites throughout the country. Functions at these installations are of value to both Greece, NATO, and the United States.

Use of these Greek bases provides, among other things, direct operational support for the U.S. Sixth Fleet in the Eastern Mediterranean, important communication links, reconaissance information, surveil-

lance of Soviet activities in the Eastern Mediterranean, support for USAF Europe and Military Airlift Command (MAC) flights and ammunition and supply storage sites. The loss of U.S. access to these bases would make the task of carrying out their functions more difficult and complicated.

U.S. facilities in Greece are operated under the terms of the 1953 defense cooperation agreement between Greece and the United States. A new draft agreement was initialed in 1977, but was never signed and implemented. Negotiations with the former Rallis government on a new defense agreement began in January 1981 and continued until June 18, 1981. Because of the atmosphere created at that time by the upcoming elections and the impending parliamentary recess, as well as disagreements over important details, it was decided to postpone negotiations until after the elections. The Rallis government had sought to secure a commitment from the United States to maintain a 7 to 10 Greek-Turkish military aid ratio, a security guarantee of Greece's territorial integrity, and to increase control and oversight on the operation of U.S. facilities. While the Executive Branch did not propose a firm 7 to 10 ratio, Congress in fact passed foreign aid legislation which endorsed that ratio.

The position of Prime Minister Papandreou regarding U.S. bases remains unclear. Although he has stated his opposition to the presence of foreign bases on Greek soil in the long run, in the short term he may feel that it is in the Greek national interest to allow them to remain. He has indicated his desire to address the U.S. bases issue in the future. The United States is awaiting his initiative on this matter. In the interim, U.S. operations at the Greek installations continue.

The Greek Government is acutely concerned about the level of U.S. military assistance to Greece and Turkey, especially in light of the perception by Greeks of a Turkish threat to Greek territory. One of the objectives of the Administration's military assistance to Greece and Turkey is to maintain a stable military balance in the Eastern Mediterranean without accepting the concept of any fixed ratio while helping both Greece and Turkey to fulfill their respective NATO responsibilities.

E. Turkish Political System

Since the 1950's with the advent of a multi-party system, Turkey has experienced intermittent and at times severe political instability. The military has intervened into politics three times (1960, 1971, and 1980). In the first instance, after a brief period the military returned the government to civil rule. In the second instance, the military installed a non-political civil government and allowed normal elections 18 months later. Two major parties, the Republican Peoples Party and the Justice Party, have vied with one another for government office. Six coalition governments, involving one or the other plus smaller parties, have exercised leadership from the early 1970's to 1981. The proliferation of political parties and the inability of governments to muster enough votes to form a government or to govern effectively because of bottlenecks in the political system, fostered political instability. This instability was exacerbated by a rapidly growing yet deficit ridden economy and social disruptions because of

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industrial growth and the resulting flow of people from rural to urban areas.

In this context, by 1980 Turkey was facing a political and economic crisis made worse by terrorism throughout the country. As a consequence, the Turkish military intervened on September 12, 1980. The Turkish generals subsequently suspended parliamentary institutions, political parties, and some trade union activities. The judiciary was left independent. The Turkish military established its control of the country through the National Security Council under the leadership of General Kenan Evren.

At the time of the military intervention, Turkey was on the edge of civil war and the political institutions of the country were largely ineffective. Over two thousand bills lay dormant in Parliament, including important measures for tax reforms and maintenance of police forces. The government was in a state of paralysis. In the 6 months before the military intervention, 136 ballots were cast for the office of the President, yet no one could be chosen because of party feuding and the disproportionate influence of small fringe parties. Since the military takeover, the number of terrorist killings—estimated as high as 20–25 per day prior to the intervention—have been dramatically reduced to less than one a day. A widespread sense of internal security has been restored among the Turkish people as a consequence.

Martial law authorities are generally regarded in Turkey as "even-handed" in applying the law to terrorists, and trials follow Turkish civil law under an independent judiciary. Allegations of torture by penal authorities have been investigated by the Turkish Government, and it has admitted that some incidents have occurred. The martial law government has pledged to prevent torture and investigate allegations of it and to date, convicted a number of parties responsible. The 90-day period for detention without charges has now been reduced to 45. While making notable strides in this area, the Turkish military government does not believe that the threat from terrorism has been completely overcome and continues to maintain restrictions on the press and the trade unions. Many West Europeans consider the continuation of Turkish martial law to be too harsh, and several countries have reduced their aid to Turkey as a result.

F. Restoration of Civilian Government

The National Security Council under General Evren has pledged to restore constitutional democracy to Turkey as soon as it is feasible. On June 30, 1981, a Constituent Assembly was created to implement this commitment. The functions of the Constituent Assembly as laid out by the National Security Council are as follows:

—The Constituent Assembly is composed of two bodies: The five-man military National Security Council and a 160-person Consultative Assembly.

—Its primary duties are (1) to prepare a new constitution to replace the Constitution of 1961, the defects of which contributed to the pre-September 1980 impasse; (2) to prepare legislation for political parties; (3) to prepare a new electoral bill; and (4) to act as a legislature until a new Turkish Grand National Assembly is functioning again.

—The Consultative Assembly has 160 members; 120 proposed by the provincial governors, subject to final approval by the National Security Council, and 40 members appointed directly by the National Security Council.
—Non-membership in a political party on September 11, 1980, was one of the requirements for candidates to the Consultative Assembly, as a result, party politcians are excluded.

In his 1982 New Year's Address to the Turkish people, General Evren enunciated a tentative timetable for return to democracy. He said that, if the Consultative Assembly completes work on the Constitution by the end of the summer of 1982, it would be possible to submit the constitution to a referendum by the end of November 1982. Normal elections, following the adoption of such a constitution, could then be held in the autumn of 1983. If it were not possible to adopt a constitution by that time, elections would then have to be held in the spring of 1984. However, the pace of implementing this timetable has led to serious criticism from Northern European states concerned with the prolongation of military rule.

The functioning of the Consultative Assembly is running relatively smoothly. The law on political parties and the electoral bill are to be formulated after the adoption of a constitution. It is anticipated that the constitutional drafting process will lead to establishment of a strong executive and an electoral system that will enable the victorious party to have the votes to govern without having to rely on splinter groups or extremist factions.

G. NATO and U.S. Military Assistance to Turkey

General Evren and the National Security Council were quick to emphasize, after their intervention in Turkish political life in September 1980, that Turkey would remain an active member of the NATO alliance. Turkish membership in NATO is seen by the Administration as of vital strategic and political importance. Turkey's strategic position in the eastern Mediterranean and Middle East has been enhanced by the recent upheaval in Iran and the Soviet invasion of Afghanistan. Turkey has continued to give high priority to good relations with Washington, although this may be difficult for Turkey at times because of the value and benefits Turkey derives from a warm relationship with the Arab world and peaceful relations with the Soviet Union. Turkey has, nevertheless, taken actions supportive of U.S. policy in the recent past such as abstaining on the Syria-sponsored U.N. resolution condemning Israeli annexation of the Golan Heights and participating with the United States and other NATO countries in denouncing the Soviet-inspired repression in Poland.

The United States maintains various facilities on Turkish installations which are utilized for NATO purposes. Although the operations of some of these facilities were suspended by the Turkish Government in response to the U.S. arms embargo of 1975, they were permitted to resume full operations in late 1978 following the lifting of the embargo. The present agreement governing United States-Turkish military cooperation is the Defense and Economic Cooperation Agreement (DECA) of March 29, 1980. This 5-year agreement, while specifying no specific levels of assistance, commits the United States to use its

"best efforts" to assist Turkey militarily and economically. In return, Turkey has agreed to continue to permit the United States to utilize military installations in Turkey for NATO-related activities.

The Turks argue that they are ill-prepared to carry out their assigned NATO responsibilities and need at least $1 billion annually in U.S. security assistance to modernize their armed forces and meet those responsibilities. The Turkish defense minister has compared Turkey's case to that of other regional states such as Egypt and Israel. The U.S. Government acknowledges a need to help upgrade and modernize Turkish military equipment to better enable the Turks to carry out their NATO military assignment. The United States, facing serious budgetary constraints, has proposed $465 million security assistance for fiscal year 1983 in FMS financing, almost twice that provided to Turkey in 1980.

H. Turkish Economic Reforms

The Turkish National Security Council has continued to follow the wide-ranging economic austerity program promulgated by the Demirel government in January 1980 aimed at reforming the economy along free-enterprise lines. The economy has shown signs of dramatic improvement as a result. The rate of inflation which stood over 100 percent at times in 1980 has been reduced to 35–40 percent. The government hopes to reduce it to 25 percent in 1982. Turkish exports were up 60 percent in 1981, and for the first time 50 percent of those exports consisted of industrial products. The Turkish economy had been very seriously affected by the increase in the price of oil in the early 1970's. While Turkish exports to Eastern European and OECD countries have dropped dramatically, the export of a variety of products and skills (construction projects, trucks, skilled and unskilled labor) to Middle East countries (especially Iraq, Saudi Arabia, Libya, and Iran) has increased. Turkish exports to these countries virtually doubled in the first 6 months of 1981, rising to 36 percent of all Turkish exports. The estimate of Turkish worker remittance for this year is over $2.5 billion from the Middle East. Employment opportunities in the Middle East have counter-balanced the lack of opportunity at present for Turkish workers in European countries.

The Turkish economy still faces significant problems with unemployment estimated at well over 16 percent, inefficient state economic enterprises, and approximately a $1 billion balance of payments deficit. Nevertheless, Turkey appears to be on the road to recovery, and improvements in the Turkish economy have been applauded by the OECD and international financial circles. Turkey may require further economic assistance from the OECD at levels comparable to past levels to enable sustained progress to continue.

I. The Aegean Disputes

Disputes between Greece and Turkey in the Aegean over a complex web of issues have served to complicate both countries' relationships with NATO and the United States, and have created a climate in which a minor incident could touch off a confrontation between the Greeks and Turks. Efforts to resolve outstanding differences through negotiations and compromise would clearly serve the interests of

Greece, Turkey, and NATO. Talks between Greece and Turkey aimed at resolving outstanding bilateral disputes had been held since 1976 at both the technical and ministerial levels but little substantive progress was made. The PASOK party platform maintained that Greece should not negotiate with Turkey over bilateral disputes in the Aegean. After the election of the Papandreou government, the Aegean talks were suspended by Greece. Papandreou also stated the possibility that Greece might extend its territorial waters from 6 to 12 miles in accordance with possible developments in the upcoming Law of the Sea deliberations.

The questions in the cluster of Aegean disputes include territorial waters in the Aegean Sea, the continental shelf, airspace over the Aegean, and Greek requests for a NATO security guarantee.

The Turks believe that the Aegean is a semi-enclosed sea with peculiar features that does not lend itself to a 12-mile territorial delimitation. The Turkish contention is that, if the limit were extended to 12 miles—from the current 6 miles—the Aegean, dotted with Greek islands and islets (many within sight of mainland Turkey), would no longer be an international body of water but instead a Greek lake. The extension of the 6-mile limit to 12 is regarded by the Turkish Government as a "casus belli" in that it would directly violate Turkish rights of access to and passage through international and Turkish waters.

The Greek Government, although stating its prerogative to extend the territorial sea limit in accordance with the Law of the Seas deliberations, has not to date chosen to implement this extension. (The Draft convention of the Law of the Sea has accepted a 12-mile limit as a maximum, but not mandatory, breadth for territorial waters.)

The principal conflict over the continental shelf centers on Greek claims to continental shelves for Greek islands and Turkish claims to the natural prolongation of the continental shelf of the Turkish mainland on which Turkey claims the Greek islands rest. In 1976 U.N. Security Council Resolution #395 recommended that negotiations be conducted between Greece and Turkey to resolve this issue. In the same year Greece and Turkey agreed at Bern, Switzerland, to resolve their differences through bilateral negotiations. To date, these differences remain unresolved and further negotiations have not been scheduled.

The main issue of dispute between Greece and Turkey regarding Aegean air space is that Turkey does not accept Greece's claim to sovereignty over air space in the Aegean in excess of the 6-mile territorial water limit. Turkey further does not accept the assertion that Greek national law applies in all parts of the Athens Flight Information Region (FIR). Control of an FIR creates an international responsibility for the safety of air traffic within. In this connection, Turkey as well as the United States, does not accept the Greek regulation that all state-owned aircraft must file flight plans with the Greeks when operating in that portion of the FIR that is in international air space.

As recently as March 10, 1982, the Greek Deputy Foreign Minister protested to NATO ambassadors in Greece regarding incidents of unauthorized Turkish aircraft incursions into Greek defined air space during a Turkish NATO military exercise. This is a clear example of

the types of incidents that have been occurring on both sides that have elevated bilateral tensions because of an inability of the two nations to work out their differences.

As a result of such tensions, Greece has repeatedly requested from the United States or NATO a security guarantee of its eastern borders against what it states is a serious military threat from Turkey. In support of this claim, Greece points to the so-called "army of the Aegean" maintained by Turkey on its Aegean coast. The Greeks also mention provocative Turkish statements concerning the Greek islands in the Aegean as further evidence that their concerns are legitimate.

Turkey regards this Greek request as inconsistent with the principles of the NATO alliance and as a guise for imposition on Turkey of faits accomplis regarding Greece's Aegean Sea claims. Turkey has stated repeatedly that it has absolutely no claims on Greek territory, whether Aegean islands or in Thrace. Turkey, however, is concerned about the militarization by Greece of Greek Aegean islands close to Turkey's coast and which Turkey maintains is in violation of the 1923 Lausanne Treaty and the 1947 Treaty of Paris. The Turkish Government finds the claim of the Greek Government that the so-called army of the Aegean represents a threat to Greece as totally erroneous and unfounded.

J. The Cyprus Dispute

The past year has witnessed some new developments toward the resolution of the Cyprus problem. The inter-communal talks under the auspices of former U.N. Secretary General Waldheim and in accordance with his opening statement of August 9, 1980, have been underway without significant interruption. The opening statement of Dr. Waldheim provided for a federal solution of the constitutional aspect and a bi-zonal solution of the territorial aspect of the Cyprus problem.

On August 5, 1981, the Turkish Cypriot side submitted comprehensive proposals for a settlement including a map. If effected, the Turkish Cypriot territorial proposals would allocate slightly over 33 percent of the Republic to Turkish Cypriot control. The Turkish Cypriots also called for effective arrangements regarding the security of each community to be incorporated in any final solution. The Greek Cypriot response to these proposals on September 9, 1981, was basically similar to their 1977 proposals, which would allocate approximately 20 percent of the territory of the Republic to the administration of the Turkish Cypriots. The Greek Cypriot response also suggested giving additional governmental positions to the Turkish Cypriots in a comprehensive settlement.

The presentation of the United Nations "evaluation" of the intercommunal negotiations on November 18, 1981, afforded an opportunity for progress on negotiations. The U.N. document contained in summary the following suggested framework:

—A federal, independent, sovereign, non-aligned Republic should be established, made up of separate Turkish Cypriot and Greek Cypriot Provinces and a federal district that will be the seat of the government.

—The Federal legislative power should comprise two chambers: The Chamber of Provinces giving the Turkish and Greek Cypriot Communities equal representation, and a Popular Chamber composed of members representing the two communities on the basis of the population ratio.
—Executive authority of the Federal Republic should be exercised by a Federal Council composed of six members (four Greek, two Turkish).
—As to the territorial aspect, the U.N. Secretary General suggested a separation on the basis of at least a 70/30 ratio.
—A Fund for Development of Northern Province should be established.
—International guarantees in relation to the status of the Federal Republic of Cyprus would be discussed at the appropriate level after agreement on all other aspects has been reached.

Prospects still exist for progress on the inter-communal talks. It is the belief of the United States Government that the most effective way to achieve progress is through the U.N.-sponsored inter-communal talks, and that a successful conclusion to the inter-communal negotiations would also deal with the question of non-Cypriot military forces. On February 27, 1982, Prime Minister Papandreou made the first visit by a Greek Prime Minister to the island since it gained its independence in 1960. During his trip, Mr. Papandreou, in conjunction with Cypriot President Kyprianou, called for a campaign to rally international support for the convening of an international conference on the Cyprus question should the inter-communal talks prove fruitless.

K. Prospects for Negotiated Solutions

Given its long-standing ties to both Greece and Turkey, the United States continues to find itself in a difficult position politically in any effort to reconcile outstanding bilateral differences between the two countries. The United States believes that Greece and Turkey each have important roles to play in NATO and in furthering the interests of peace and stability in the eastern Mediterranean. At this juncture, it is critical that the United States be patient, judicious, and even-handed in its efforts to maintain good relations with both of our allies. It would be a mistake to presume that current differences in perspectives between Greece and Turkey cannot be worked out through creative diplomacy. In the end, it is in the best interests of Greece, Turkey, the United States, and NATO to approach all issues discussed above with an open mind. Through this approach, the prospects for resolving the long-standing questions at dispute are most likely to be advanced.

Chapter 8

THE SPECTER OF EUROCOMMUNISM

A. Background

During the mid-1970's, the term "Eurocommunism" entered the international political vocabulary as the result of concurrent developments involving three West European Communist parties. The common theme was their apparently increasing acceptance of democratic values and rejection of Soviet leadership. This political evolution, it seemed, might eventually bring such parties into executive roles in important allied governments.

In Italy, the possibility in fact seemed closer to a likelihood when national elections in 1976 gave Enrico Berlinguer's PCI (Italian Communist Party) over one-third of the vote in a multi-party field, fueling speculation that the time might be imminent for the long-heralded "historic compromise" joining the Christian Democrats and the PCI in governmental coalition. Meanwhile, a "Union of the Left" in France—combining the PCF (French Communist Party) under George Marchais and the French Socialists under Francois Mitterrand—seemed headed toward victory in the parliamentary elections scheduled for 1978. Although Communist prospects appeared less promising in Spain's fledgling post-Franco democracy, party leader Santiago Carrillo, emerging from clandestinity, joined in hoisting the "Eurocommunist" banner with an anti-Soviet book and public consultations with his West European Communist colleagues. Amidst heavy media coverage of "Eurocommunism" as an important new political phenomenon, the unreconstructed Stalinism of Portuguese Communist leader Alvaro Cunhal was seen as the exception to prove the rule—that West European Communists were being reshaped by the very process of operating within democratic societies.

The internal contradiction in the "Eurocommunist" notion, of course, was that if the evolution were carried to its logical conclusion, the parties in question would be largely indistinguishable from Western democratic socialists. Indeed, in this paradox lay the basic issue: Were the "Eurocommunist" parties, by their democratic rhetoric, gaining an acceptability that masked their dangerous potential? Or were they being converted so fundamentally to democratic values as to represent the antithesis of the Soviet and East European parties with which they were historically affiliated? In short, was "Eurocommunism" a Trojan horse bearing Soviet influence into the West European democracies? Or a Trojan horse bearing the iconoclastic idea of genuine democracy into the ideological realm of Soviet-controlled communism?

While such questions served to highlight the evolving and ambivalent role of West European Communist parties, the reality that "Eurocommunism" was less a movement than a journalistic construct soon became apparent. In France the PCF, reacting to the growing popularity of the French Socialists and reverting to its tradition of cynical behavior, chose to split the "Union of the Left" rather than risk victory as a junior partner in 1978. In Italy, a series of governments struggled on but without the "historic compromise," until new elections in 1979 produced a drop in PCI strength. And in Iberia, as elsewhere in Western Europe, the role of Communist parties remained marginal. By 1980, particularly with Marchais in France again parroting support for Soviet endeavors such as the invasion of Afghanistan, the collective term "Eurocommunism" had lost much of its descriptive charm.

The fact did remain that Communism, West European-style, had undergone significant change. But developments in the late 1970's had underscored a continuing truth: that parties so fundamentally different in basic character, strength, and circumstances cannot accurately be aggregated within a single concept called "Eurocommunism," but instead require separate analysis. Of these parties, only two appear to warrant consideration as major actors: the PCF, which has played a prominent role on the French left and has now attained four Cabinet posts in the Mitterrand government; and the PCI, which dominates the Italian left though it has yet to enter Italian Government.

B. Role and Prospects of the PCF

For the French Communist Party, the 1981 national election produced a profound paradox. For the first time since immediate postwar France, the party entered the French cabinet, a development sufficiently startling to induce a wave of American concern and a visit to Paris by Vice President Bush. Yet, much more significantly, the election may also have marked the demise of the PCF as a major force in French politics. In the voting, the party lost nearly half its parliamentary seats, and its four posts in a 44-man French cabinet came not as a concession from Socialist President Mitterrand, who does not need the Communists to sustain his majority, but rather as a tactical gesture to shield his government against inconvenient attacks from the political left.

If 1981 did represent an historical down-turn for the French Communists, it marks the end of a long cycle in which the PCF gained and then lost dominance on the French left. The process began in the 1930's, when the PCF actively undermined the Socialist government of pre-war France. Then, in 1940, after France's defeat by the Third Reich, the PCF ignominiously approached Marshal Petain, offering to supply evidence for the notorious show trial of "traitors" of the 3rd Republic (including such statesmen as Paul Reynaud and Leon Blum); indeed, so cooperative was the PCF that the Communist paper, *L'Humanite*, was at first published legally under the German occupation.

Like other Communist parties subservient to Kremlin directive, the PCF joined in opposition to Hitler only after Germany attacked

Russia. But once in the Resistance, French Communists fought gallantly and with effect. Thwarted by de Gaulle in their aspiration to govern post-Liberation France, the PCF nonetheless emerged from the war with credit and even respect from the country's non-Communist population.

Thereafter, under the Fourth Republic (1946–58) and then under the Fifth, the PCF's goal has been to dominate the working class, so as to be the most important party of the left and thus the country's major force of political opposition. For an extended period, the party successfully did so; in 1972, the PCF entered the Union of the Left as the largest and most popular leftist party in France. But by 1977, under the leadership of Francois Mitterrand, the French Socialists (PSF) had emerged as the more popular party and the PCF refused to continue in an alliance it could not dominate. In the parliamentary election of 1978, the PSF proved the extent of its revival not only by attracting more votes than any Socialist party ever had, but also by outpolling every other individual party in France (though the center-right did maintain its overall National Assembly majority).

The Union of the Left had occasioned a milder, less authoritarian tone in PCF pronouncements, giving rise to speculation that French Communists might be abandoning their tradition of dogma and obedience to Moscow. But once eclipsed by Mitterrand's Socialists, the PCF quickly shed the "Eurocommunist" trappings it had donned temporarily and never persuasively. Contradicting the PSF's continued calls for leftist alliance, Marchais and his top Communist associates aggressively denounced the Union of the Left, blaming the split unconvincingly on Mitterrand's rightist tendencies and adopting a hard-line that portrayed the PCF as the sole defender of the working class and Soviet policy as the guiding standard on international affairs. Amidst this retrenchment, the PCF's small reformist wing had little say.

The PCF leadership apparently hoped to induce dissension within the diverse Socialist ranks, encouraging the PSF's moderate wing to break off into collaboration with the ruling centrists, thereby paving the way for French Communists to re-emerge as the largest force on the country's political left. In practice, despite considerable turmoil within the Socialist Party, the PCF tactic failed. The election of 1981 produced not only a decline in Communist strength to 16 percent (nearly 5 percent below its 1978 showing) but also an absolute Socialist majority, enabling President Mitterrand to deal pragmatically and from strength on the sensitive issue of PCF participation in his new government.

Although initially alarming to some observers abroad, President Mitterrand's decision to appoint four Communist ministers is consistent with his long-term objective of unifying the French left under Socialist leadership. Mitterrand is said to believe that the PCF will ultimately be weakened by its government participation—the PCF decision to enter the government was taken only after bitter internal debate—and he obviously sees political advantage in having the Communists share responsibility for difficult economic decisions during the early stages of his presidency. Meanwhile, the formulation of French foreign policy has proceeded directly from Mitterrand's own

long-held views—favoring strength against the Soviets, support for Israel, and accommodation with the Third World. Of the four Communist ministries, only transport had security-related functions; and the most critical have now been quietly transferred to the defense ministry. In his strong stands condemning the Polish crackdown and advocating TNF modernization, Mitterrand has undoubtedly vindicated the negative Soviet appraisal that led the Kremlin in 1981 to demonstrate clear support for Giscard's re-election.

As Mitterrand now proceeds to implement a national program which many regard as less socialist than social democratic, two questions surround the PCF's future. The first is whether and when it will depart from the Socialist-led government. At present, a central problem for French Communists is how to handle the issue of Poland. While Marchais echoed Moscow and Warsaw in criticizing Solidarity for "overbidding," Mitterrand's Communist ministers had little choice but to grant grudging endorsement of the government's strong criticism of the Polish crackdown. Uncomfortable in its alignment with Mitterrand on this and other issues, the PCF can be expected to break with the Socialists as soon as the government appears to be in trouble. If so, voters of the left are likely to hear a PCF claim that they have been betrayed by bourgeois Socialism.

A related, longer-term question is whether the PCF still has the potential to make a serious appeal to French voters. To be credible, the PCF must present itself as the authentic party of industrial workers, as it did with some success vis-a-vis the alienated and embittered French proletariat of the 1930's and 1940's. But as Frenchmen of all classes have gradually been swept up into the country's postwar prosperity, the Socialists have seemingly become the more convincing defenders of the French workingman's interest.

In large part, the Socialists' success is attributable to Mitterrand's determined strategy of keeping the PSF to the left, as a solid alternative to a PCF whose leadership appears increasingly anachronistic even to many of its own members. In the Communist-controlled General Confederation of Labor, for example, sharp internal divisions recently surfaced when at least 12 of 40 member unions defied leadership instructions to boycott national demonstrations in support of the Polish union Solidarity. Despite—and perhaps because of—its doctrinaire approach, the PCF continues to have some appeal to French youth: the party's average age in fact is younger than the PSF's. But apart from its old network of militants, the PCF membership is highly volatile. Indeed, turnover is so rapid as to produce a curious statistic that may indicate more than any other about the PCF's future: Today there are more ex-Communists than Communists in France.

C. Role and Prospects of the PCI

While France has now produced the strong non-Communist left that postwar American foreign policy sought to encourage in all of the West European democracies, Italy has failed to do so. Despite recurring hopes for a Socialist ascendency, the PCI remains the dominant party of the Italian left. But in finding itself the sole plausible force of political opposition, the PCI has also been pushed strongly

in the direction of revisionism. Unlike its French counterpart, the Italian Communist party now clearly embodies the pro-democratic, anti-Soviet tendencies associated with the term "Eurocommunism."

The PCI's evolution has thus been a misfortune for Moscow even as it has frightened the Western Allies. Recently party leader Enrico Berlinguer declared that "only a small minority" of his country's workers would choose to live under an economic and political order "like the one that exists in Russia and in other East European countries." Socialism, Berlinguer has stressed, must always take second place to freedom, and he has not minced words in condemning the Soviet invasion of Afghanistan, blaming the Kremlin for the crackdown in Poland, or accusing Russia of obstructing world peace.

In expressing such views, Berlinguer by no means speaks for a homogeneous party. But the PCI's pro-Russian wing constitutes a distinct minority. Earlier this year, when one of its spokesmen attacked Berlinguer for his denunciation of Soviet involvement in Poland, party members backed their leader overwhelmingly. This led even the conservative London *Economist* to editorialize that "The evidence of a genuine change within the Italian Communist party is far too considerable to be dismissed."

The PCI's tendency toward revisionism was apparent as early as the 1920's, when the party's founder, Antonio Gramsci, began establishing a tradition of intellectual originality. Later, during the closing stages of World War II, party members who came out of Mussolini's jails and from the Resistance might well have inclined, like their French counterparts, toward a militant orthodoxy. Yet even then, Italian Communism displayed a penchant for accommodation. In 1944, Palmiro Togliatti, the party's leader, joined the wartime coalition government and swore allegiance to the king.

In the first postwar election, Italy's Socialists were more successful than the Communists and could conceivably have become the country's dominant party of the left. But the PSI squandered its support, in an alliance first with the Commuists and then, in the 1960's, with the long-ruling Christian Democrats. The result each time was a debilitating schism in the party.

As the only Italian party with the voting strength to offer a serious possibility of defeating the Christian Democrats, the PCI attracted members across the spectrum of the left. It thereby became, even against the will of many of its leaders, the nearest thing in Italy to a party of reform. By winning control of a number of municipal governments and by serving for three decades as the principal national party of opposition, the PCI has been forced to emerge from sectarianism and accommodate itself to the practical responsibilities and wide membership that came to it.

The party's peak electoral strength to date was registered in Italy's 1976 general election, when its 34 percent total focused international attention on the question of "Eurocommunist" participation in NATO governments. Italy's Christian Democrats continued, however, to reject the PCI's long-standing offer of an "historic compromise." Instead, having polled 38 percent, the CDI formed a minority, one-party government which obtained necessary parliamentary support through combined abstentions by the Communists, the Socialists, and the small lay parties. In 1978, Prime Minister Andreotti formed an-

other minority government, but one based upon a five-party parliamentary majority which, remarkably, included the Communists although they were not represented in the government itself.

In 1979, Andreotti's resignation resulted in new elections. Unwilling to extend their 3-year experiment in cooperation without participation, the Communists campaigned with a slogan calling upon Italian voters to determine clearly whether the PCI should be "in or out of government." The verdict, however, was indecisive, as both Christian Democrats and Communists lost ground (PCI strength dropped to 30 percent), again leaving Italy with no party having enough votes to rule with a majority.

In time-tested Italian fashion, the 1979 election produced a sequence of Christian Democrat-led coalitions which governed until mid-1981. Italy's current five-party coalition was then formed under Republican Giovanni Spadolini, the country's first non-CDI prime minister since 1945. This or a successor coalition can govern only until 1984, and new elections may be held much sooner.

Because Italy's electorate has established a relatively stable voting pattern, analysts attach low probability to any major change in the basic political configuration by which the Christian Democrats and Communists share about 70 percent of the electorate, the Socialists attract some 10 percent, and a half dozen other parties divide the remainder. Any expectation of gains on the non-Communist left focuses primarily on the Socialists; although burdened by a legacy of internal division, they constitute the largest of Italy's moderate-left parties and are led by dynamic Bettino Craxi, often identified as a potential prime minister. During the 1970's, the PSI had been divided on the "historic compromise" question, and the party's left-wing continually vetoed Socialist participation in any coalition that excluded the Communists. In 1980, Craxi persuaded the Socialist central committee to reverse this policy and return to government, and the PSI has participated in subsequent coalitions.

For the foreseeable future, Italy's dominant political question is likely to remain what it has been for years: In the interest of stability, should the Communists participate in government or—for the same reason—must they be excluded? For now, the question is moot. But following a new election, the tactics of coalition-building could lead the Christian Democrats—or, more probably, the Socialists—to consider a governmental partnership with the PCI. Events would then test the issue: Has the PCI evolved to being Communist in name only? Or would the party break on its own internal contradictions, demonstrating that even a truly Eurocommunist party cannot overcome its ideological legacy? In any event, as the *Economist* recently noted, "Italy's Communists would have to act in the context of a powerful church, a non-political army, and a voluble democratic tradition."

Meanwhile, the PCI continues on its ideological odyssey. Although perceived as the embodiment of Eurocommunism, Berlinguer has now begun to avoid the term, mostly because the French Communists' return to orthodoxy has left little in the way of a transnational movement. Instead, the PCI's leader has begun to emphasize a new concept, *terza via*. This notion of a "third way," which would avoid the flaws of both Soviet-bloc Communism and social democracy, is extremely vague but an appropriate reflection of the PCI's ambiva-

lence—no longer on the Soviet side but not quite on NATO's side either. (In 1976 Berlinguer gave a famous interview, crediting NATO as a useful shield to Italy; more recently, however, he has described both superpowers as threats to peace.)

Because the PCI's evolution pertains directly to Italy's fundamental political question, the recent outbreak of rhetorical warfare between Moscow and Berlinguer has attracted intense national interest. After Berlinguer's full-scale attack on Kremlin culpability in Poland, the influential Milan daily *Corriere Della Sera* described the angry Soviet reaction as "a real excommunication, the third after the ones against Tito and Mao." Other observers have been less certain about the permanency of the break; and Italy's non-Communist parties, which at first reacted enthusiastically, subsequently adopted a more cautious attitude, lest the PCI gather too much credit. CDI secretary-general Flaminco Piccoli did, however, offer a notable plaudit: "The Communist Party has the courage of truth and has rendered a great service to democracy." For its part, *Pravda* seemed to confirm this judgment by labelling Berlinguer as "sacrilegious" and lamenting that PCI policy had been transformed into "something monstrous." But the truly decisive evaluation—that by the Italian electorate—has yet to be rendered and can come only from that source.

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